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The 1986-87 Economic Review of Travel in America

Travel Data Center®

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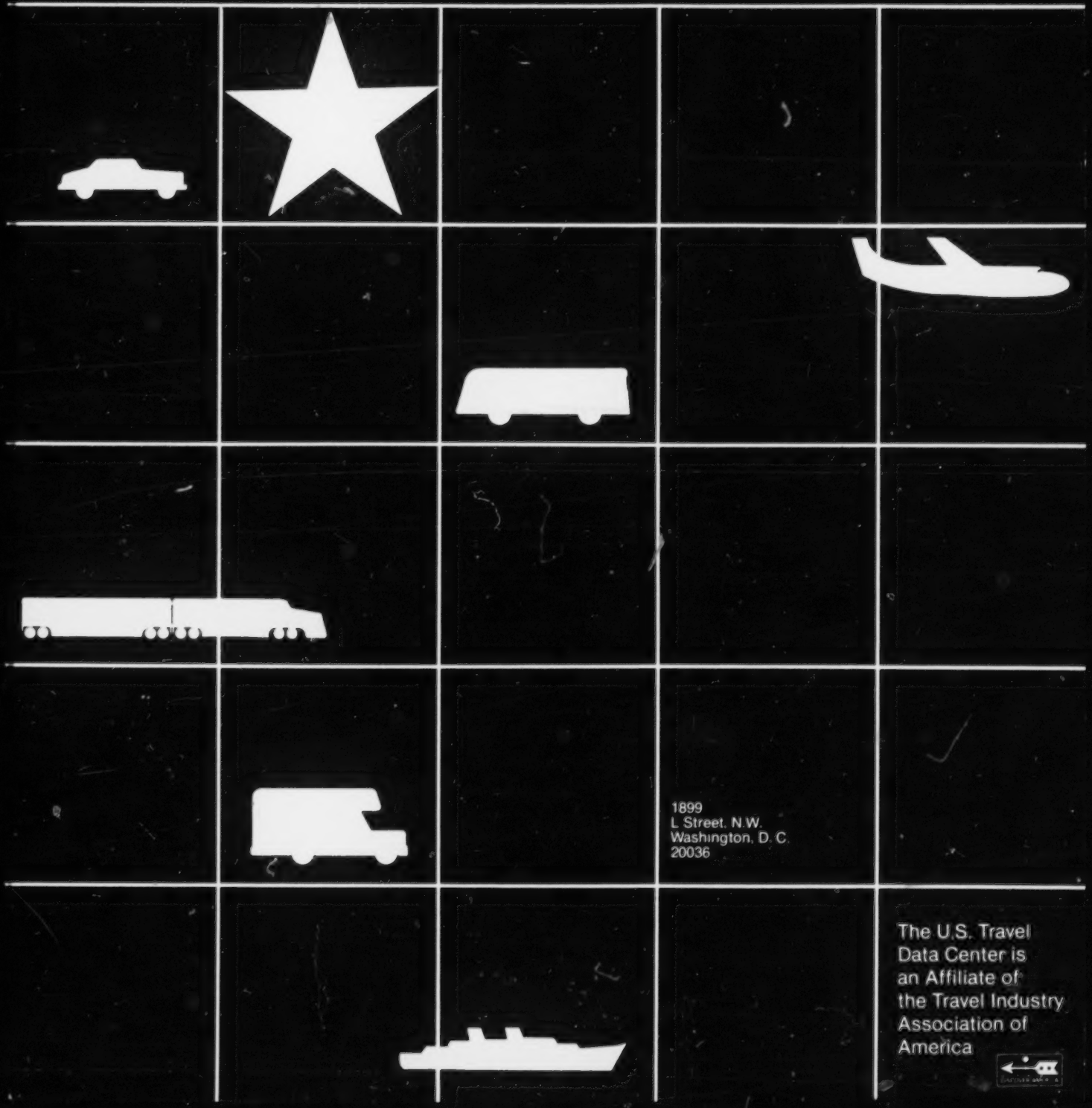

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The U.S. Travel Data Center is an Affiliate of the Travel Industry Association of America

THE 1986-87 ECONOMIC REVIEW OF TRAVEL IN AMERICA

U.S. TRAVEL DATA CENTER
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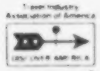

The United States Travel Data Center is the national, nonprofit center for travel and tourism research, and an affiliate of the Travel Industry Association of America. Since its establishment in 1973, the Data Center has devoted itself to advancing the common interests of the travel industry and the public it serves by encouraging, sponsoring and conducting the statistical, economic and scientific research concerning travel, the travel industry and travel-related industries.

In pursuit of this objective, the Data Center gathers, analyzes, publishes and disseminates the results of such research, and cooperates with all government agencies, private industry and academic institutions with similar purposes and objectives. The Data Center is financed through publication sales, membership dues and contract research. It is an affiliate of the Travel Industry Association of America and is located in Suite 610, 1899 L Street, NW, Washington, DC 20036.

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EXECUTIVE SUMMARY

- U.S. and foreign travelers spent $269 billion in the America during 1986, six percent more than in 1985. This equaled 6.4 percent of the gross national product.

- Travel spending in America directly generated 5.2 million jobs in 1986, paying nearly $58 billion in wages and salaries and producing over $33 billion in federal, state and local tax revenue.

- If viewed as a single retail industry, the travel and tourism sector is the third largest retail industry in business receipts, after automotive dealers and food stores.

- Travel industry sales in 1986 outpaced GNP in both real and nominal dollar terms.

- In 1986, common carriers accounted for a greater share of total intercity passenger-miles than any other year on record.

- Overall travel prices fell in 1986 for the first time in the seventeen-year history of the Travel Price Index.

- Travel industry employment continued to outpace the overall economy during 1986, producing 360 thousand additional jobs for the year.

- Petroleum consumed in traveling away from home in the U.S. rose three percent in 1986 and accounted for about ten percent of U.S. petroleum consumption.

- Foreign visitors to the U.S. totaled 22 million in 1986, up five percent from 1985, and their expenditures rose five percent to $12.7 billion.

- U.S. travelers to foreign countries totaled nearly 30 million, up five percent; their spending increased seven percent to $17.7 billion.

- U.S. travelers spend more in the South Atlantic region than any other region.

PREFACE

This report is designed to serve as a basic reference on the role of travel activity and the travel industry in the American economy. It is hoped that this report will improve understanding of one of the most prevalent activities and dynamic industries in the U.S. today.

Many have contributed information and insights that have assisted drafting of this report, and we express our thanks. In particular, we are grateful to Dr. George W. James of Airline Economics, Randell Smith of Smith Travel Research, and William Evans of Laventhol and Horwath for providing data.

This report was written by Dr. Douglas C. Frechtling, Director, with the assistance of Russell Becker, III, Economic Research Analyst.

U.S. Travel Data Center
Washington, D.C.
March, 1987

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I. INTRODUCTION

This is the sixth annual report on the role of travel and tourism in the American economy prepared by the U.S. Travel Data Center. It is designed to review the economic characteristics of travel away from home in 1986, developments in the U.S. travel industry, and the effects of recent economic changes on travel and tourism.

The information in this report has been gathered from the best objective sources available and analyzed with an eye to clearly portraying the experience, prospects, and challenges of travel and tourism in America. It is published in the spirit of assisting the industry and others to understand the public interest in travel and tourism.

A realistic appreciation of travel's strengths and vulnerabilities helps guarantee that travel will contribute as much or more to America's growth and well-being in the years ahead as it has in the past.

Travel

The subject of this report is travel away from home by American residents and foreign visitors. Over the years there has been considerable discussion of the appropriate definition of this activity. After careful study of alternative definitions, the Data Center Board of Trustees recently adopted the following definition of "domestic traveler":

> any resident of the United States regardless of nationality who travels to a place 100 miles or more away from home within the U.S. or who stays away from home one or more nights in paid accommodations and who returns home within twelve months, except commuting to and from work or attending school.

This definition closely follows that recommended by the World Tourism Organization (WTO) for domestic travel. The Data Center has also adopted the WTO definition of "International traveler":

> any person visiting a country other than that in which he (she) has his (her) usual place of residence, for not more than one year, and whose main purpose of visit is other than following an occupation remunerated from

within the country visited, staying at least 24 hours, but more than one year in the country visited.

These definitions and the related terms in Appendix B have also been endorsed by the Travel Industry Association of America.

In practice, studies by various organizations over the years have incorporated different definitions of "travel away from home." These include "trips to places 100 miles or more away from home," "overnight stays away from home," and "crossing of a county border." The data on travel activity presented in this report reflect these differences but have been chosen to approximate the Data Center's definition as closely as possible.

The word, "tourism," is used sparingly in this report. While it is often used to denote travel away from home in many parts of the world, in American parlance it connotes travel for pleasure only. When the term does arise herein, it is as a synonym for travel away from home, to emphasize that we are interested in activity away from home, rather than local traffic.

The Travel Industry

The travel industry has been described, half facetiously, as a collection of diverse products sold by a fragmented industry to segmented markets through a complex distribution chain. This suggests the complexity of the industry and the difficulties of describing it.

The travel industry is not concentrated in definite areas of the country or characterized by large plants with towering smokestacks. Instead, it comprises the airline terminal in the suburbs, the restaurant in town, the highway motel, the travel agency down the block, and a host of other businesses that do not even recognize their dependence on tourism since visitors are usually indistinguishable from local customers.

It is not surprising that government officials, business executives and the public have been slow to grasp significance of travel away from home and the industry that has developed to serve it. Moreover, many in the travel industry do not fully comprehend the nature of travel's economic contributions. How much more difficult it is for others, often in position to influence the course of travel and prospects for the industry, to realize the significance of tourism.

Businesses are commonly grouped together into industries by the type of product they produce, as in the U. S. government's Standard Industrial Classification (SIC) system. The steel industry produces steel, the hotel industry, lodging, and so on.

Travelers, away from home, however, patronize a number of different industries as conventionally defined. They purchase

public transportation, gasoline, food, lodging, entertainment, recreation, and countless incidental goods and services. U.S. businesses provide these items to travelers and to local residents and business firms as well.

For this reason, we cannot distinguish the "travel industry" as a collection of firms that sells only to travelers. We can, however, develop a spectrum of types of businesses according to their dependence on traveler purchases for their receipts.

In the U.S., the Data Center defines "primary travel-related businesses" as those establishments that depend directly upon traveler expenditures for more than one-third of their total sales receipts. This group includes intercity bus, rail and air passenger carriers; eating and drinking places; hotels, motels and motor hotels; campgrounds and transient trailer parks; car rental firms; and amusement and recreation services. By charting trends for this group of businesses, we can infer conditions in the "travel industry" as a whole.

Unfortunately, data are not readily available on all of these travel industry sectors. The reader will note that the components making up the travel industry in this report may change from one section to another, depending on the statistics available. However, we feel that the data do indicate how the travel industry is faring and how it is contributing to the U.S. economy.

Automobile travel, including that by auto, truck, recreational vehicle, and motorcycle, comprises 60 percent to 80 percent of all travel away from home in this country, depending upon whether passenger-miles or passengers are measured. The type of business that best represents this transportation activity is gasoline service stations. However, traveler expenditures on auto transportation comprise only about 20 percent of total sales of these establishments.

Consequently, we have elected to exclude gasoline service stations from the travel industry represented in this report. By so doing, we exclude businesses representing a large sector of travel activity but improve our chances that the travel industry described herein actually represents travel-related business developments.

While some data on travel and the travel industry extend back several decades, a large part of the information we have from the federal government on receipts, prices, traffic, and employment in travel-related businesses begins more recently. As a result, most of the past perspectives on travel and the industry provided in this report cover the years from 1972 to the present. Most of the data presented in Appendix A cover the 1972 through 1986 period.

While the individual activities and types of businesses included in this report are quantified, the charts and analysis focus on travel and the industry that services it as a whole, rather than on its component parts. This is a consequence of the view that travel away from home is a distinctive human activity, requiring a variety of goods and services. The consumption of these goods and services makes the establishments which provide them necessarily interdependent. People who travel need a mode of transportation, a place to visit, shelter, and food. Oftentimes, they demand entertainment, recreation, and other items as well.

In a very real sense, we would not have hotels without transportation, nor would people travel without a place to stay. Similar interdependence among other traveler activities can be easily identified. Consequently, we feel travel and the travel industry is best viewed in its entirety and attempt to emphasize this perspective. The reader interested in examining an individual sector of the travel industry, such as hotel/motel lodging or air transportation, will find such information in this report. However, he is directed to the individual trade associations for more complete coverage.

A traveler's purchase from a retail business begins a productive economic process that stretches through wholesale, manufacturing, extractive, transportation and service firms. There are indications that this secondary, or "multiplier," impact of such a purchase can dwarf the direct impact on the travel-serving retail business.

However, this report concentrates on the direct impact of travel and tourism on the U.S. economy. This is not to say that the secondary impact is unworthy of review but that the data here are not nearly as well-developed. It is hoped that future editions of this review can include sound estimates of the multiplier impact of travel expenditures in the U.S. as well as the direct effects.

Organization of the Report

The review is organized in eight chapters. Recent developments in travel activity along with current industry trends placed in the perspective of the last decade are discussed in Chapter II.

Chapter III presents a discussion of travel price inflation. Chapter IV focuses on the unique ability of the travel industry to create jobs.

Chapter V highlights the dependence of travel on petroleum fuel supplies the emphasizes the relatively small share of energy consumption attributable to the activity.

Chapter VI presents a discussion of international travel trends and their effect on the U.S. Chapter VII surveys regional trends in travel.

Chapter VIII provides an overall assessment of the relationships between travel and the U.S. economy demonstrated in 1986 and expected in 1987.

The appendices provide background information essential to the report. Appendix A presents the base data used for calculating the charts included in the previous chapters. Appendix B presents the standard terminology for statistical reporting adopted by the Data Center's Board of Trustees in December, 1985. Appendix C is a list of sources used in the preparation of this report.

Please note: Detail numbers in the tables may not add to the totals due to rounding.

II. TRAVEL ACTIVITY AND INDUSTRY TRENDS

The U.S. economy continued to expand in 1986 for the fourth consecutive year. The nation's output of goods and services, personal income, corporate profits and employment all increased, but at a slower rate than the previous three years of economic recovery. As 1987 began, the current economic expansion was 49 months long, making it the third longest in since World War II.

Table II-1 shows the course of a number of major economic variables that affect travel away from home in America. While the economic advance is moderating, levels of jobs, income and business activity are still rising and should boost business and leisure travel.

Table II-1: Overall U.S. Economic Developments, 1984-86

(percent change from previous year)

	1986p	1985	1984
Nominal GNP	5.2%	6.2%	10.5%
Real GNP	2.6	2.7	6.4
Personal income	5.3	6.6	9.6
Corp. profits after tax	-3.3	-6.3	7.6
Consumer price index	1.9	3.6	4.3
Payroll employment	3.0	3.3	4.8

p = preliminary
Source: U.S. Travel Data Center, U.S. Department of Commerce, U.S. Department of Labor

Employment growth slowed in 1986, but 2.9 million more jobs were added to the U.S. economy. Inflation in consumer prices declined to its lowest level in two decades. As a result, while nominal personal income growth slowed, real purchasing power rose faster than during 1985.

Travel Activity

Despite the moderation in overall economic activity that characterized the year, travel away from home rose in 1986 for the second consecutive year. As indicated in Table II-2, U.S. travel away from home as measured by the Data Center's National Travel Survey in "person-trips" (one person on a trip to a place 100 miles or more away from home) increased significantly for all major trip purposes. Total person-trips for all purposes surpassed 1.1 billion, the highest level since 1981.

Table II-2: U.S. Travel Away from Home for Selected Purposes or Occasions, 1986

(millions of person-trips)

Purpose or occasion	1986p	1986/85 change	1985/84 change
Total	1,121	4.1%	6.4%
Vacation	753	3.1	5.7
Business/convention	189	2.2	18.6
Visit friends/relatives	443	2.8	12.0
Sightseeing, recreation	419	11.4	6.1
Weekend	514	9.6	7.9

Note: Categories overlap and do not add to total.
p = preliminary
Source: U.S. Travel Data Center

Trips for sightseeing, entertainment and outdoor recreation increased the most, growing nearly twice as fast as during 1985. Weekend trips also grew considerably faster than the average for all trips.

All other types of trips shown slowed considerably in 1986 from their year-earlier rates. Business/convention trips rose only two percent after soaring in 1985. Visits to friends and relatives also grew much more slowly in 1986 than during the previous year. Vacation person-trips grew only one-half as fast as the year earlier.

Despite the increase in trip volumes, travel measured in nights away from home fell marginally in 1986 as average trip duration dropped from 5.4 nights to 5.1. (Table II-3). This drop occurred due to the rise in business/convention and weekend person-trips, which tend to be shorter than the average, and the minimal rise in longer trips, such as vacations and visit

friends/relatives travel. Americans also reduced the number of nights spent on the latter dramatically, from 5.7 nights per trip in 1985 to 5.3 nights the following year.

Table II-3: U.S. Nights Away from Home for Selected Trip Purposes and Occasions, 1986

(millions of person-nights)

Purpose or occasion	1986p	1986/85 change	1985/84 change
Total	5,702	-1.4%	11.1%
Vacation	4,358	0.1	7.5
Business/convention	760	-2.1	11.3
Visit friends/relatives	2,326	-4.5	21.3
Sightseeing, recreation	2,437	8.1	12.5
Weekend	1,365	12.1	13.9

Note: Categories overlap and do not add to total.
p = preliminary
Source: U.S. Travel Data Center

Travel Spending

U.S. residents spent $273 billion traveling away from home during 1986, up six percent from the previous year, according to preliminary estimates. (Table II-4).

This travel spending averaged $1,130 per U.S. resident, and more than $515,000 a minute. Americans spent more on travel in 1986 than they did on clothing, accessories, jewelry and personal care combined, or on household utilities including telephone service.

Table II-4: U.S. Travel Expenditures, 1986
($ billions)

Location	1986	Change from 1985
On domestic travel	$256	6.1%
On foreign travel	17	2.0
Total	$273	5.9%

Details do not add to total due to rounding.
Source: U.S. Travel Data Center, preliminary

U.S. spending on domestic travel rose more slowly in 1986 than its trend rate of growth since 1981 (7.2 percent). However, travel spending outpaced U.S. spending on all goods and services in 1986 (nominal GNP), and equaled the increase in overall personal consumption expenditures.

As indicated above, total person-trips grew more than four percent but nights away from home declined somewhat. Moreover, the costs of many of the items travelers purchase remained stable or declined.

U.S. travel spending in foreign countries posted the lowest rate of growth in more than fourteen years. This was quite a change from the fourteen percent increase registered in 1984. The declining value of the dollar and threats of terrorist attacks were primarily responsible for reducing the allure of overseas destinations to American travelers.

Travel's contributions to the American economy are better suggested by travel spending in this country than by what Americans are spending here and abroad. American and foreign travelers in the U.S. spent $269 billion here in 1986, up more than six percent from the previous year (Table II-5). This spending equaled 6.4 percent of our gross national product for the year.

Table II-5: Travel Expenditures in the U.S., 1986 ($ billions)

Source	1986	Change from 1985
U.S. residents	$256	6.1%
Foreign visitors	13	8.9
Total	$269	6.3%

Note: Details may not add to totals due to rounding.
Source: U.S. Travel Data Center, preliminary

Foreign visitor spending in the U.S. rose dramatically in 1986, ending the decline that began in 1982. But the nine percent increase failed to raise the total to the record set in 1981. Continued economic expansion in major foreign nations and the dollar's rapid decline against major foreign currencies since 1985 brought travel to the U.S. back within the means of many international travelers and boosted their expenditures here.

Foreign visitor expenditures accounted for less than five percent of total travel spending in the U.S. during 1986.

Consequently, even though foreign visitor spending here grew faster than U.S. domestic travel spending, the increase in all spending in travel in the U.S. fell below its trend rate of growth over the last five years (7.0 percent).

Traveler expenditures become sales receipts for travel-related businesses. Business receipts attributable to travelers suggest the magnitude of the "travel industry" in America. They allow us to put the travel industry in the perspective of size relative to other industries.

Such a comparison is not straightforward. One reason is that the U.S. Census Bureau does not publish annual sales data for all industries. Another is that retail industries cannot be fairly compared with wholesale, manufacturing or extractive industries. Retail sales include the value of output of these businesses, so the retail sales of a product will always exceed the value of the product's manufacture.

Finally, what is published as receipts for some sectors, such as health services, includes substantial government payments in the form of subsidies and administrative payments. Government policies directly determine the size of such industries rather than consumer or business demand.

The Census Bureau does publish consistent annual sales estimates for a number of retail industries. In Table II-6, these estimates are listed for the top three such industries in 1986. The $269 billion spent on travel and tourism in the U.S. generated $260 billion in sales receipts, after removal of retail sales taxes.

Table II-6: Travel Business Receipts in the U.S. Compared to Major Retail Industry Receipts, 1986 ($ billions)

Industry	Sales
Automotive dealers	$337
Food stores	294
Travel and tourism	260
General merchandise stores	166

Source: U.S. Travel Data Center, U.S. Bureau of the Census; preliminary

The travel industry remained in third place for the fourth year in a row after ranking ahead of automotive dealers in 1982-83. Automotive dealer sales advanced nearly seven percent

in 1986, while food store receipts increased only four percent. Travel-generated receipts continued to close on food store sales: travel receipts were 88 percent of food stores in 1986, up from 80 percent in 1981.

In terms of employment, travel directly generates more jobs than any other U.S. industry except health services (doctors, nurses, hospitals, laboratories, etc.). Travel activities directly provided more jobs in 1986 than 14 states combined. The wage and salary income paid to these employees surpasses the combined payrolls of nation's steel and motor vehicle manufacturing industries.

Travel's Economic Impact

Travelers purchase goods and services, providing retail and service establishments with sales receipts. These receipts are used by proprietors to purchase the goods and services needed to serve the traveler. Labor, of course, is the major service that travel-related businesses purchase, generating wage and salary (payroll) income. During the process, tax revenue is generated for federal, state and local governments.

Table II-7 indicates how the $269 billion spent on travel in the U.S. during 1986 contributed to the national economy in terms of wage and salary income, employment, and tax revenue directly generated.

Table II-7: Measures of Travel's Economic Contribution, 1986

Expenditures in the U.S.: $269 billion

Contribution to business: $260 billion in business receipts generated

Contribution to individuals: $57.8 billion in wage and salary income generated for 5.21 million jobs

Contribution to governments:
- $17.9 billion in Federal tax revenues
- $12.1 billion in State tax revenues
- $3.6 billion in local tax revenues

Source: U.S. Travel Data Center; preliminary

Travel spending directly generated 2.8 percent of total U.S. wage and salary disbursements during the year, and 5.1 percent of U.S. nonagricultural payroll employment. This

spending also contributed 3.7 percent of the combined tax revenue of federal, state and local governments for 1986.

During 1986, each dollar of travel spending in the U.S. generated 21 cents in payroll income, and 12 cents in tax revenue. Each $52,000 spent by travelers directly supported one job. Were the income and employment generated indirectly through the "multiplier" effect quantified, travel's contribution to the U.S. economy would appear considerably larger.

Travel expenditures touch a multitude of different types of businesses in the U.S. This variety and the predominantly small-business nature of these businesses can obscure the considerable benefits that accrue to U.S. residents in receipts, jobs and income. These estimates help clarify the important role that travel and the travel industry play in the American economy.

Travel Industry Receipts

Travel expenditures in the U.S. generate receipts for at least 15 different types of businesses. For some of these businesses, such as Amtrak and hotels/motels, travel expenditures account for large majorities of their receipts. For others, such as general merchandise stores and gasoline service stations, receipts from travelers account for less than one-fifth of the total.

In order to examine the course of the travel industry over the years, the sales of six types of businesses are aggregated and analyzed here. These businesses are distinguished by all owing at least one-third of their receipts to travel expenditures and by reliable time series data available from the U.S. Bureau of the Census and other national authorities.

By focusing on the changes in these aggregate receipts, we can obtain a fair picture of the U.S. travel industry relative to the overall economy over time. The reader should note, however, that the aggregate industry receipts discussed here tell us nothing in themselves about the absolute amount of travel spending in the U.S. or the magnitude of business activity generated by this spending. This is because they comprise revenue from non-travelers as well as travelers and exclude important sectors of the travel industry for which annual sales data are lacking.

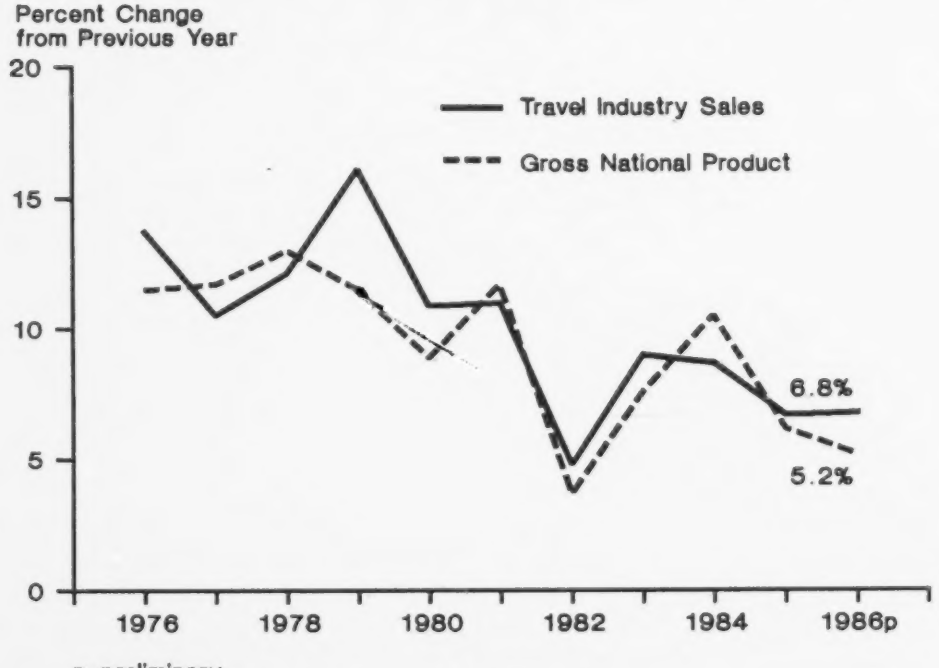
Travel industry sales have grown faster than total sales in the U.S. economy over the past decade. U.S. travel industry receipts increased 150 percent between 1976 and 1986, fourteen percentage points faster than GNP (Figure 2A).

Travel industry receipts in 1986 increased 6.8 percent according to preliminary estimates, seventy percent of the annual

FIGURE 2A
TRAVEL SALES HAVE OUTPACED GNP SINCE 1976

p=preliminary
Source: U.S. Travel Data Center, Table 2A

FIGURE 2B
1986 TRAVEL SALES EXCEEDED GNP RISE AGAIN



p=preliminary
Source: U.S. Travel Data Center, Table 2A

compound annual growth rate the industry has enjoyed over the last decade (Figure 2B). This is the slowest rate of growth in industry receipts since the recession year of 1982. However, travel industry sales did outpace the rise in nominal gross national product (GNP), which measure also grew more slowly than any year since 1982.

In terms of current dollars, travel industry sales have increased faster than GNP during six of the past ten years. This pattern occurs during recession years (1980 and 1981-82) as well as years of economic expansion.

For 1987, travel industry sales as defined here are projected to increase eight percent, faster than during 1986 and sixty percent more rapidly than the overall economy as represented by nominal GNP. Sales receipts of air carriers in domestic service are expected to grow ten percent, faster than other sectors as passenger traffic continues to grow and the overall fare level rise. Foodservice establishments are also projected to outpace other sectors: up nearly eight percent. Hotels and motels are projected to see receipts rise the same rate as during 1986: up nine percent.

Growth in travel activity increases real demand for travel goods and services, but rising travel prices obscure how much industry sales growth is the product of increases in activity and how much is due merely to price inflation. To arrive at a measure of real travel industry growth, we have to correct current dollar measures for changes in prices.

In Figure 2C, travel industry sales in current dollars have been deflated to represent real output and the growth since 1976 in industry and overall output have been charted. Real output for the travel industry has grown 37 percent since 1976, seven percentage points faster than real GNP.

Real travel industry sales have increased at a compound rate of nearly 3.4 percent a year over this decade, exceeding the growth in the overall economy as measured by real GNP.

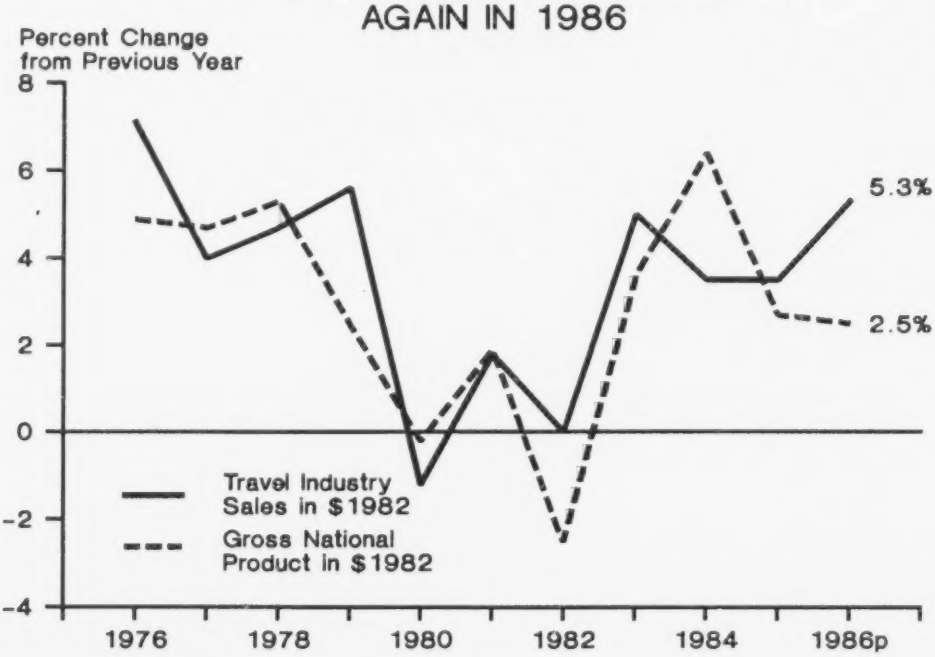
As Figure 2D indicates, the industry's real output rose faster than real GNP for one-half of the last decade. Travel output did not decline during the sharp 1980-81 recession, but did fall when petroleum prices soared in 1980. This suggests the travel industry is more vulnerable to price inflation than to business downturns.

Travel industry real growth has been markedly slower during the 1980's than in the 1970's. Since 1979, real output for the industry has grown 2.5 percent a year, about one-half the rate of the 1972-79 period.

FIGURE 2C
TRAVEL INDUSTRY'S REAL GROWTH HAS OUTSTRIPPED GNP SINCE 1976

p=preliminary
Source: U.S. Travel Data Center, Table 2B

FIGURE 2D
REAL TRAVEL SALES OUTPACED GNP AGAIN IN 1986



p=preliminary
Source: U.S. Travel Data Center, Table 2B

Competition for Discretionary Dollars

One explanation for the recent sluggish performance is that leisure travel away from home, which accounts for more than 80 percent of the trips Americans take, must now compete with many more alternative uses of Americans' discretionary time and money.

Consumer spending on durable items, including automobiles, home furnishings and appliances, and home "do-it-yourself" materials, has grown dramatically since the last recession. (Figure 2E)

Consumer durable spending declined in 1980 in response to the brief recession that year, and rose sluggishly during the sharp 1981-82 downturn. However, consumers shook off fears of economic insecurity and boosted consumer durable spending by more than $100 billion in 1983-84. The 1983 advance of nearly 22 percent was the largest since the recovery year of 1976.

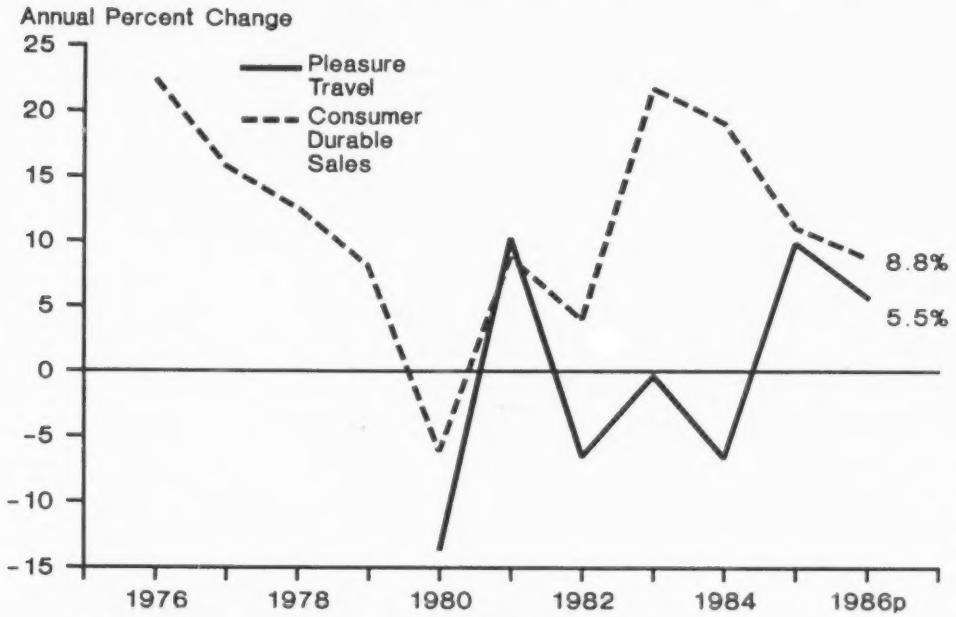
Even though personal income posted strong gains as well it did not rise fast enough to finance both a durables boom and increased pleasure travel. Rather, consumers chose to satisfy their pent-up demand for durables at the expense of maintaining previous levels of pleasure travel. Pleasure travel as measured by person-trips actually fell for three years in a row.

The rise in consumer durable purchases tapered off in 1986, but spending continued to outpace personal income gains. As a result, the proportion of annual personal income spent on these durables topped twelve percent in 1986, the highest level in the last decade and one-half. (Figure 2F)

In addition to diverting discretionary consumer dollars away from pleasure travel, the recent proliferation of in-home entertainment options, such as video cassette recorders, cable TV, enhanced audio systems, and home computers, compete successfully with pleasure travel for leisure time. Moreover, expansion of entertainment and recreation opportunities in the local community, such as urban parks and recreation areas, enclosed shopping malls, and historic and themed attractions, now means the family looking for leisure time activities does not have to travel far to find them.

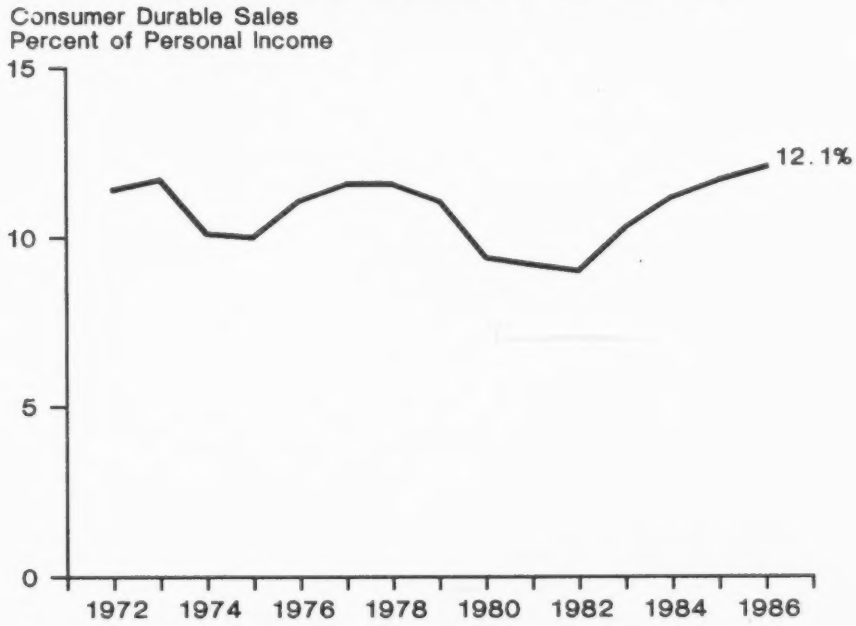
In sum, travel away from home must increasingly compete with consumer durables and local recreation opportunities for discretionary dollars and leisure time. This may well be the explanation for relatively sluggish rates of travel-demand growth in recent years in the midst of a growing economy.

FIGURE 2E
DURABLE SPENDING AFFECTS PLEASURE TRAVEL



p=preliminary
Note: Pleasure travel not available prior to 1980
Source: U.S. Travel Data Center. Table 2E

FIGURE 2F
PERCENT OF ANNUAL PERSONAL INCOME SPENT ON CONSUMER DURABLES



Source: U.S. Travel Data Center. Table 2E

Travel Transport Activity

Americans traveled nearly 1.4 trillion passenger-miles on trips away from home on the nation's highways railways and skyways during 1986. This is equivalent to a round-trip between New York and Los Angeles for every man, woman and child in America.

The nation's air carriers posted an 11.5 percent increase in passenger-miles to lead all modes in growth. Personal motor vehicle travel away from home (including automobiles, trucks and recreational vehicles) grew 5.9 percent for the largest increases since the Bicentennial year of 1976. Amtrak passenger travel increased a healthy four percent while intercity bus travel continued the decline begun in 1985.

Since 1976, common carrier travel, dominated by the nation's airlines, has grown at a compound rate of 6.4 percent annually, about three times the rate of personal motor vehicle travel. Air passenger-miles increased more than seven percent a year over the past decade. Rail travel has grown an average of two percent annually over this period, matching personal motor vehicle travel. Although data are sparse, intercity bus passenger miles appear to have risen about one-half of one percent a year over the past decade.

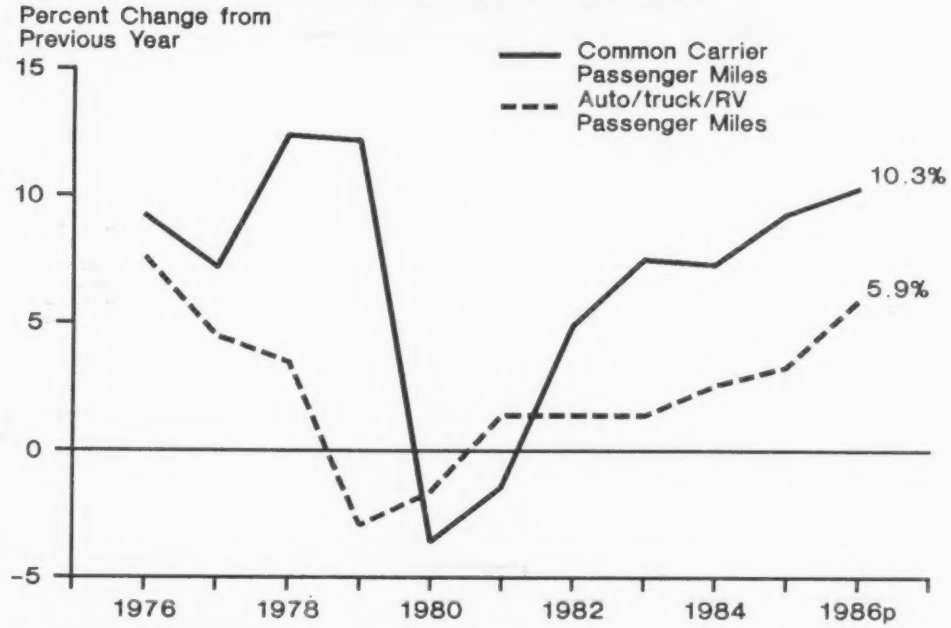
For 1987, we are projecting domestic airline passenger traffic will grow eight percent as fares stiffen. Common carrier intercity passenger-miles are expected to grow seven percent or so, over twice as fast as intercity passenger-miles by personal motor vehicle. Overall domestic intercity passenger-miles should increase about four percent for the year.

Personal motor vehicle travel is particularly sensitive to gasoline shortages (1979) and rapid price inflation (1980) as indicated by the declines in Figure 2G. In 1986, this travel increased more than twice as fast as its long-term rate of growth. A 3.3 percent rise is expected in 1987 in response to stable gasoline prices and improvements in the average fuel efficiency of the nation's automobile fleet.

The common carrier share of total domestic passenger-miles away from home has increased in every year since 1981 (Figure 2H). Common carriers now account for one-quarter of total intercity passenger-miles, their largest share in the postwar period. In 1987, common carrier share of the total will increase further, as airline traffic grows faster than ground transportation again.

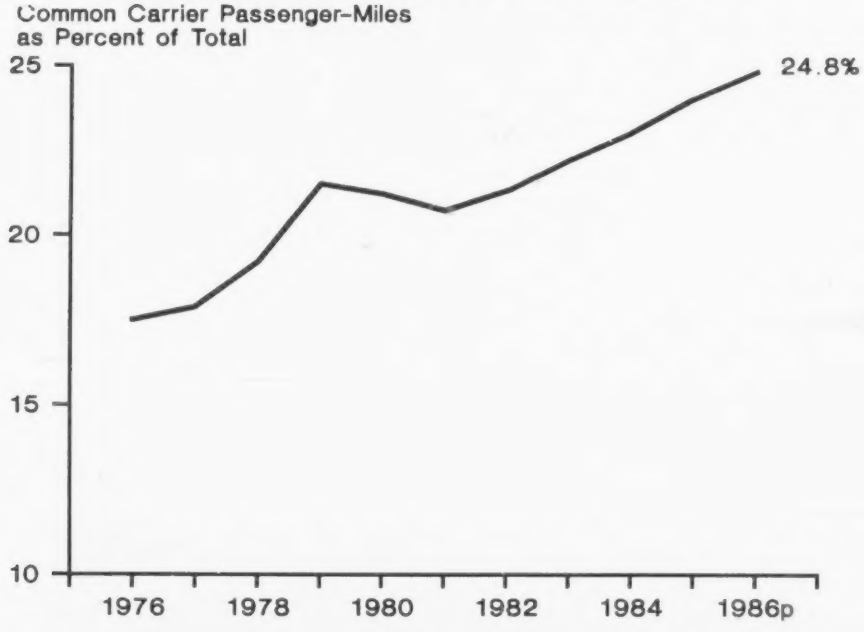
Gasoline shortages and extraordinary gasoline price inflation during the 1970's dissuaded many Americans from traveling by personal motor vehicle and directed them to common carriers instead. This trend has been reinforced by the relatively slow

FIGURE 2G
COMMON CARRIER TRAVEL OUTPACED AUTO TRAVEL IN 1986



p=preliminary
Source: U.S. Travel Data Center, Table 2C

FIGURE 2H
COMNMON CARRIER SHARE OF TRAVEL INCREASED FOR FIFTH YEAR



Source: U.S. Travel Data Center, Table 2C

advance in airline fares since deregulation, and drastic reductions in fares on many routes. In 1987, air fares are expected to rise somewhat, but the forces of competition, increasing airline capacity and sensitivity of certain market segments to deeply-discounted fares should keep this increase below the rise in overall consumer prices.

The Travel Agency Distribution System

Travel agencies make travel reservations for the public and sell transportation, lodging and other travel services on behalf of the producers of these services. They are retailers in that they sell travel services provided by others directly to the final customer.

This segment of the travel industry has shown remarkable growth in recent years. Travel agency locations appointed by the nation's scheduled airlines to sell tickets now number more than twenty-nine thousand, twice as many as eight years ago. Employment in these agencies now exceeds 150 thousand workers.

Total travel sales to the public by U.S. travel agencies are estimated by the most recent Travel Weekly/Louis Harris study to exceed $54 billion in 1985, or one-fifth of all U.S. travel expenditures. Agents book only thirteen percent of all trips Americans take, so the average value of these trips must be nearly twice that of the average U.S. trip away from home.

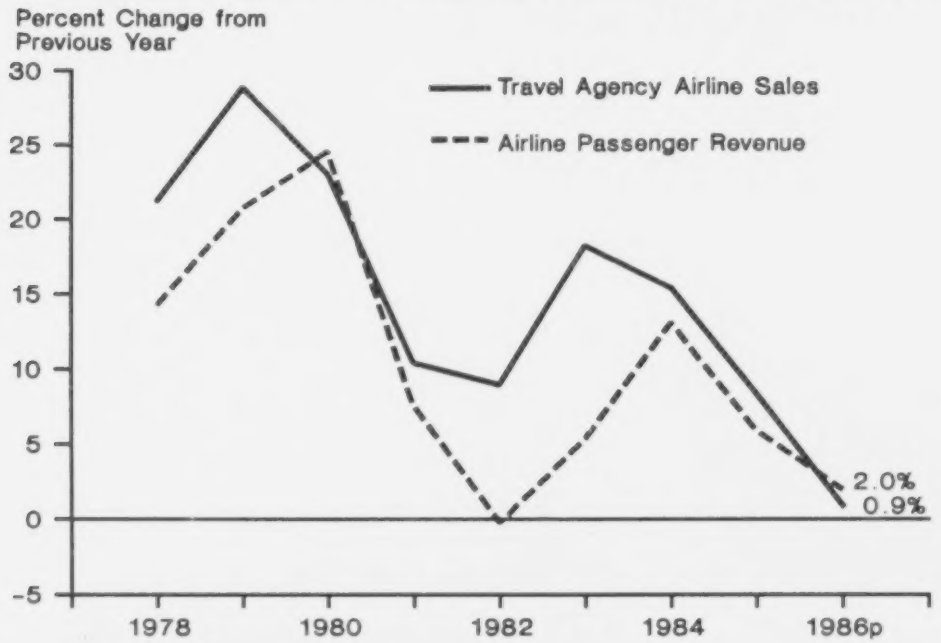
Airline ticket sales through travel agencies now comprise 82 percent of total U.S. airlines passenger revenue. Figure 2I shows the relative growth of air sales through travel agencies and total airline passenger receipts the nine years consistent data are available. Since 1977, travel agency sales have grown at a compound rate of nearly 15 percent a year, fifty percent faster than airline sales. But in 1986, travel agency airline sales grew only one-half as fast as airline receipts, the lowest rate of growth on record. The travel agency sector may have entered maturity in the mid-1980's, with sales growth expected only as fast as airline passenger receipts.

U.S. travel agents play a major role in the distribution of travel services to the public. Agency performance in recent years suggests the share of total travel expenditures through travel agencies will continue to grow unless changes in technology and travel supplier sales policies reshape the distribution system.

Travel is Small Business

The U.S. travel industry has played substantial and dynamic role in the long-term growth of the American economy. Much of

FIGURE 2I
TRAVEL AGENCY SALES HAVE SLOWED RECENTLY



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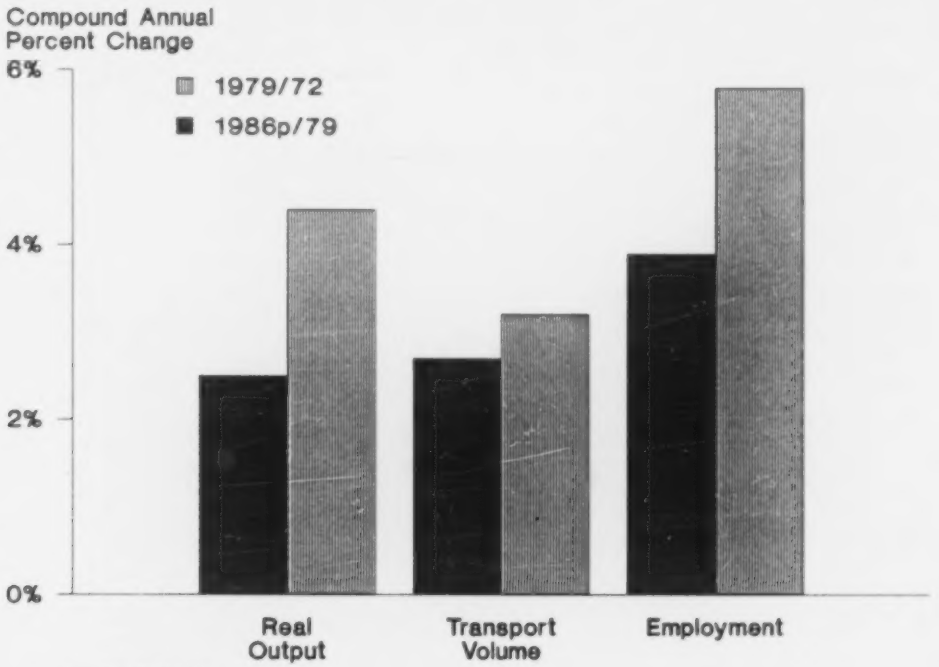
Source: U.S. Travel Data Center, Table 2D

FIGURE 2J
TRAVEL INDUSTRY GROWS MORE SLOWLY NOW



p=preliminary
Source: U.S. Travel Data Center

this must be attributed to the predominantly small business character of the industry.

The most recent data available (Table II-8) indicate that 98 percent of the one-half million firms in the travel industry are classified as small businesses by the U.S. Small Business Administration.

Table II-8: Small Business Firms and Total Firms in the Travel Industry, 1982

Sector	Total firms	Small business firms	Small business as percent of total firms
Transportation			
Air	48	24	50.0%
Bus	1,500	1,425	95.0
Rail	1	0	0.0
Lodging			
Hotels/motels	30,928	26,234	84.8
Campgrounds, trailer parks	3,932	3,924	99.8
Foodservice			
Eating and drinking places	258,314	257,198	99.6
Entertainment/recreation			
Amusement and recreation services	40,946	40,442	98.8
Primary travel industry	335,669	329,247	98.1%

*estimate
Source: U.S. Travel Data Center based on data from the U.S. Bureau of the Census, Small Business Administration, Interstate Commerce Commission, Amtrak, World Aviation Directory

This has been a major strength of the travel industry. Individuals find ample opportunity to establish their own enterprises and offer distinctive services for the traveling public. A small business environment tends to be strongly competitive, encouraging good service and fair pricing. Moreover, it expands consumer choice, making for a better life for the American traveler and the foreign visitor.

Recent research has also found that small businesses are a stabilizing influence, slowing the rate of economic decline during

business downturns and in weak geographic regions. And they far outpace large firms in producing new jobs over the long term.

However, small businesses can be hamstrung by their lack of financial resources and vulnerability to unfair government energy, tax and regulatory policies. For example, they do not have the advertising budgets necessary to tap lucrative foreign visitor markets. And their funds for campaigning against unfair public policies are often inadequate.

Small businesses generally thrive in a deregulated economic environment, and are encouraged when fair antitrust laws are vigorously enforced. Government can play a particularly vital role now in resolving the liability insurance crisis that has already taken its toll in business closings and bankruptcies.

Public officials should recognize that policies that assist the travel industry encourage small business development in America. On the other hand, decisions that retard the growth of travel and the industry that serves it are most harmful to those businesses least able to withstand them.

Tax Reform

The Tax Reform Act of 1986 fundamentally changed the structure of the federal income tax in America. It broadened the bases for corporate and individual income taxes and substantially lowered rates. One analysis indicates the Act will permanently raise our real gross national product by two percent over the long-run. However, the Act is not expected to affect all components of the travel industry the same.

The Act repeals the investment tax credit and allows less accelerated depreciation, while reducing the corporate rate. This will discourage new hotel construction and new aircraft purchases and pressure lodging companies, airlines, and auto rental firms to raise rates more rapidly. A beneficial side effect of reduced hotel construction is that future properties will be designed to satisfy market demand and economic conditions rather than to qualify as tax shelters.

To the extent that the Act reduces capital investment throughout the economy and imposes higher costs on capital-intensive industries, there will be less business travel. Moreover, the reduced deductibility of business meals and entertainment may inhibit travel somewhat although banquet costs are generally exempt. The Act also eliminates the deductibility of travel expenses for educational purposes and limits deductibility of point-to-point cruise ship travel.

Not all of the effects of the Act are negative, however. Travel agencies are among the less-capital intensive industries that are expected to benefit from the lower corporate tax rates.

And the 6.6 percent reduction in personal income taxes will increase consumer disposable income for spending on travel and other discretionary items.

Overall, negative impact of the Tax Reform Act of 1986 on the travel industry is balanced by the positive effects. And if the economy does grow more rapidly as a result, the industry will enjoy the fruits of expanded travel demand.

Conclusion

Travel in America is a major economic force, providing tax revenue for thousands of governments, receipts for hundreds of thousands of business firms, and income for millions of employees. Its course contributes to the nation's growth and economic stability as well as to the quality of life our citizens enjoy. As a constructive economic force, travel and tourism deserve the thoughtful consideration of business executives and public policymakers.

There is evidence that real travel demand in America is expanding more slowly during this decade than it did in the last. As indicated in Figure 2J, real travel industry output has grown only half as fast since 1979 as before.

Part of this slowdown can be attributed to a decline in the overall economy's rate of growth, but consumer predilection for homes, automobiles, and related items and partiality for in-home and community entertainment experiences are growing competition for discretionary travel away from home.

A slowly growing economy, stable prices and falling exchange rates are not enough to boost domestic travel demand by much. Travel will remain a major economic force in America, but the rate at which it grows is of prime concern to many small businesses such as travel agencies and governments in most jurisdictions.

Firms that recognize business growth requires more than passive presence in the market place and governments that realize higher tax rates can inhibit visitor growth are good insurance against stagnation in domestic travel demand in America.

III. TRAVEL PRICE INFLATION

Travel price inflation can be a serious obstacle to the growth of travel and tourism in America. Two relationships to travel prices are particularly important: (1) increasing travel prices relative to prices of other consumer items and (2) increasing travel prices in compared to personal income growth.

First, if the costs of travel-related goods and services rise faster relative to other items, consumers will be encouraged to switch their purchases to less expensive business communication and leisure activities. They will seek to use substitutes for travel such as telecommunications and local recreation to keep their costs down. On the other hand, if travel prices fall relative to other goods and services, consumers and businesses will benefit by spending more on travel-related goods and less on substitutes.

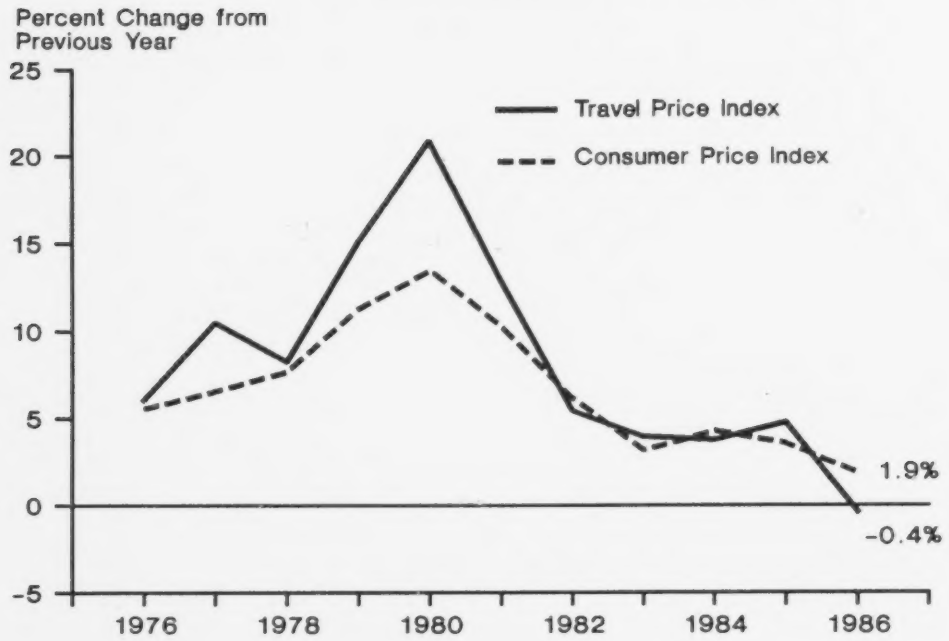
The Travel Price Index (TPI) was developed by the U.S. Travel Data Center to measure changes in the cost of travel away from home in the U.S. by consumers. It is based on U.S. Department of Labor price data collected for the monthly Consumer Price Index (CPI). The CPI is a measure of the average change in prices paid by urban consumers for a fixed collection of goods and services. It is representative of the buying habits of about 80 percent of the noninstitutional population of the United States.

Being based as it is on CPI data with a fixed set of weights, the TPI does not necessarily represent changes in the average fares, rates, and other prices travelers actually pay. Rather, it indicates changes in prices of a fixed set of goods and services travelers purchase away from home.

In 1986, the first Travel Price Index (TPI) declined for the first time in its seventeen-year history. The Consumer Price Index, on the other, increased nearly two percent. Consequently, in 1986 consumers were encouraged to spend more on travel-related goods and services and less on other items.

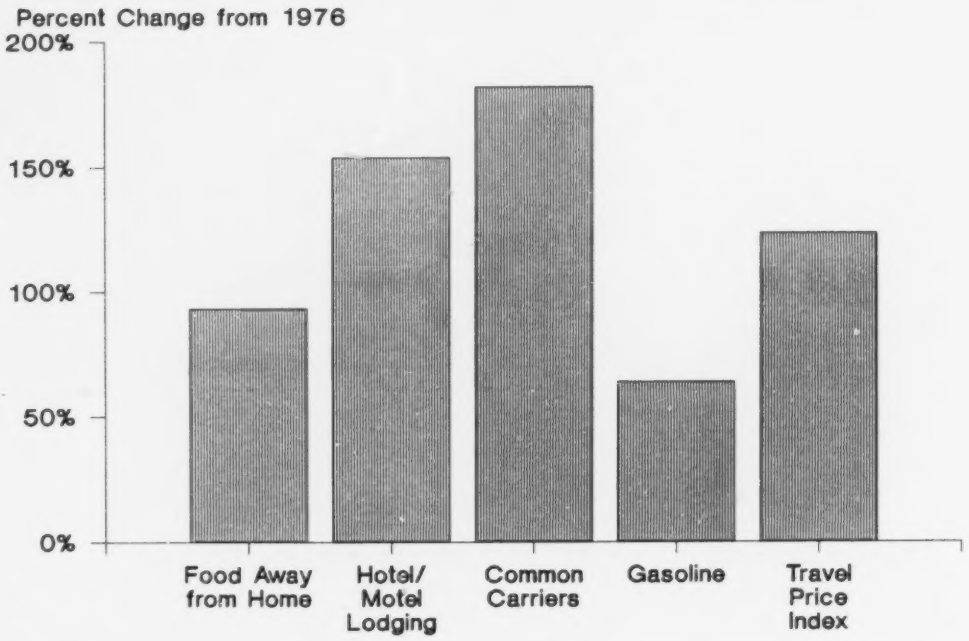
In 1979-80, travel prices soared in response to rising crude oil prices resulting from the Iranian revolution. Gasoline and common carrier fuel costs loomed larger in the TPI than in the CPI, so the latter rose more slowly. Since 1982, travel prices and overall consumer prices have moved relatively closely together (Figure 3A). At these rates, travel is staying competitive with alternatives and remaining affordable for businesses and consumers. No long term trend is yet evident to show travel gaining or losing a price advantage over competing goods.

FIGURE 3A
TRAVEL PRICES FELL IN 1986



Source: U.S. Travel Data Center, Table 3A

FIGURE 3B
CARRIERS HAVE LED TRAVEL PRICE SURGE SINCE 1976



Source: U.S. Travel Data Center, Table 3A

The common carrier and travel components have produced the greatest price hikes in the past decade (Figure 3B). Between the decade's beginning and end, two other major components of travel prices -- gasoline and food -- rose less than the overall TPI.

Since 1972, travel price inflation has been greatly influenced by petroleum costs because the components of travel prices require heavy use of petroleum products. Airline fares, bus fares, and gasoline prices are directly affected by the cost of oil. Petroleum prices have quadrupled over the last decade, causing travel costs to soar.

Fortunately, oil prices have fallen in recent years, helping to reduce travel price inflation. In 1986, travel price inflation again showed that it is closely tied to petroleum costs. While petroleum prices dropped drastically, overall travel prices followed with a -0.4 percent change from 1985.

When the TPI is broken down into its components (Table III-1), the cause for the drop in 1986 is clear. Gasoline prices plunged 22 percent in 1986, such a decline that the index fell although all other components showed increases.

Table III-1: Travel Price Inflation, 1976-1987 projected (annual compound percent change)

Component	1976-1986	1985	1986	Projected 1987
Airline fares	11.0%	6.4%	4.1%	3.4%
Intercity bus	10.1	6.9	10.2	8.7
Intercity rail	9.7	3.6	6.0	5.7
Gasoline	5.1	0.8	-21.9	4.4
Food	6.8	4.0	3.9	3.5
Lodging	9.8	7.0	3.7	4.0
Entertainment	6.3	5.4	5.5	5.4
Incidentals	5.6	2.7	1.5	2.4
Travel Price Index	8.4%	4.8%	-0.4%	3.5%
Consumer Price Index	6.8%	3.6%	1.9%	3.4%

Source: U.S. Travel Data Center, based on U.S. Bureau of Labor Statistics data.

Five travel components posted smaller price increases in 1986 compared to 1985: airline fares, gasoline, lodging, food, and incidentals. The other three -- bus fares, rail fares, and entertainment -- showed larger price increases. The largest

changes were for gasoline and lodging. Bus fares and rail fares increased the most among the components.

Also shown in Table III-1 are compound annual inflation rates for the 1976-86 period. Since intercity bus fares was the only component with a 1986 inflation rate higher than the previous decade, the 1986 TPI increase fell far below the decade's rate. All other components -- especially gasoline, airline fares, lodging, and incidentals -- contributed to a marked decline in 1986 travel inflation from the experience over the last decade.

Figure 3C shows the relationship between the combined real output of the six sectors that comprise the primary travel industry in this report and an adjusted TPI including only the corresponding six price indices. The inverse relationship between the TPI and real travel sales demonstrates how businesses and consumers respond to price fluctuations and adjust their travel behavior accordingly. Relatively low TPI rates are usually associated with higher rates of real travel industry growth, and vice versa.

During periods of rapid travel price inflation, businesses and consumers seek less-expensive alternatives to business and pleasure travel, such as telecommunication and local recreation. When travel inflation moderates, they tend to increase their real travel activity as substitutes become less price-competitive.

This relationship again holds true for 1986. The slowdown in the adjusted TPI resulted in 5.3 percent rise in real travel sales. This is the first acceleration in real industry growth since 1983.

Just as important as relative prices effect on travel demand is the comparison between changes in travel prices and personal income. If the costs of travel rise more rapidly than personal income, households will cut back on real travel activity. The other scenario also holds. If personal income increases faster, consumers are likely to spend more on travel. Also, if all consumer prices are rising or dropping rapidly in comparison to personal income, travel expenditures may decrease or increase respectively.

The relationship between prices and personal income improved in 1986. Consumers gained purchasing power as personal income rose more than five percent while the CPI increased by less than two percent, producing a three-percent increase in consumer purchasing power. This was an improvement over 1985's gain.

If the consumer chose to buy travel-related items in 1986, his purchasing power increased even more. The two percent increase in travel-related purchasing power for 1985 rose to six percent in 1986. The jump in purchasing power for travel consumers helped to push travel sales higher in 1986.

FIGURE 3C
REDUCED INFLATION OFTEN ENCOURAGES TRAVEL DEMAND

p=preliminary
Source: U.S. Travel Data Center, Tables 2B, 3A

The outlook for 1987 is for TPI increasing 3.5 percent compared to 3.4 percent for the CPI. For both indices the 1987 rates will be higher than the previous years. The TPI boost will mostly come from slowly rising gasoline prices. However, gasoline prices for 1987 are expected to be extremely volatile, and any change in gasoline prices more or less dramatic than predicted here will strongly affect the 1987 TPI rate. As in the past, the higher TPI for 1987 will restrain real travel sales from rising as fast as they did in 1986.

A projected six-percent rise in personal income in 1987 should prove positive for the travel industry. Consumers are likely to have an increasing amount of income available to spend on travel as income rises faster than both travel and overall prices, although the increase in purchasing power is not as large as 1986.

The travel industry can shape and encourage market growth through responsible pricing. Efforts to control costs and the use of more efficient equipment can promote the growth of real travel activity. Resisting unfavorable changes in government tax, minimum wage, and regulatory policies will also bear fruit in terms of sales growth. The end result will be favorable relative prices and increasing purchasing power, and the travel price inflation obstacle will be overcome.

Note: The U.S. Bureau of Labor Statistics will begin to published revised versions of the CPI January, 1987. These will reflect updated patterns of consumer spending and incorporate a number of technical improvements. The Data Center will begin publishing a revised TPI at the same time, based on these revisions.

IV. TRAVEL AND EMPLOYMENT

Travel and tourism in America directly generated nearly 5.2 million jobs in 1986, more than five percent of total nonagricultural payroll employment in the U.S. This ranks travel and tourism as a leading private employer, second only to health services. It is surprising but true that employment generated by travel in the U.S. exceeds the populations of 69 countries.

Travel activity in the U.S. has continually demonstrated the ability to create new jobs faster than the rest of the economy, to provide a disproportionate number of jobs for the traditionally disadvantaged, and to produce new employment opportunities during economic recessions.

Travel Creates New Jobs Rapidly

The travel industry continually outperforms the overall economy in creating new jobs. Since 1972, the earliest year for which complete data are available, payroll jobs in travel-related businesses have increased 93 percent, one and one-half times faster than the overall economy.

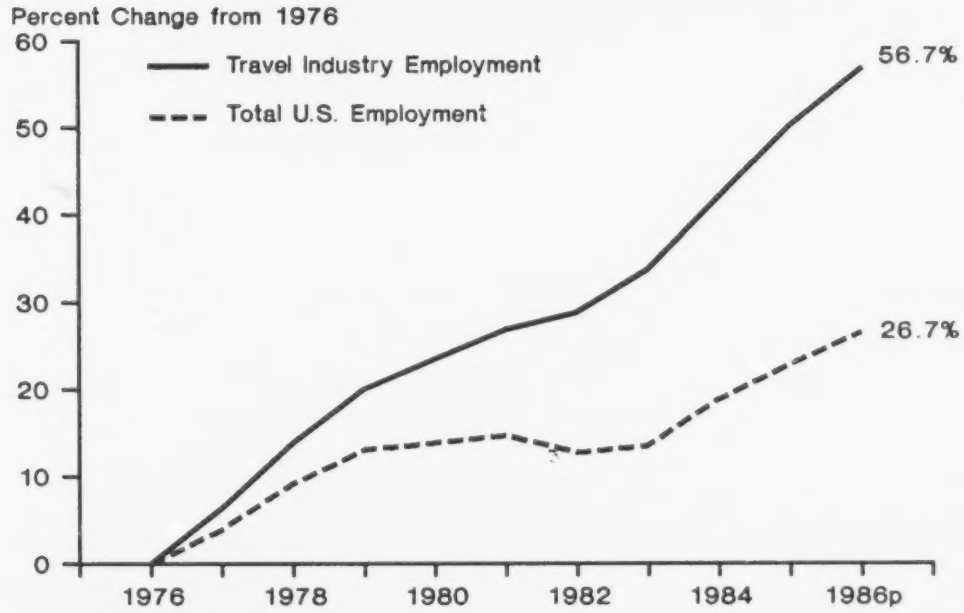
The travel industry has contributed to job growth far in excess of its size. Just in the last decade travel industry employment has grown 57 percent, more than twice the growth rate for all U.S. industries (Figure 4A). The 3.2 million new jobs provided by the industry since 1976 provided fifteen percent of the national increase in employment. Yet the travel industry collectively accounts for less than nine percent of all U.S. employment.

Travel Provides Jobs for the Disadvantaged

Minority groups, women and youth have traditionally found it more difficult than other Americans to finds jobs. The travel industry has proved itself to be an abundant source of jobs for these groups.

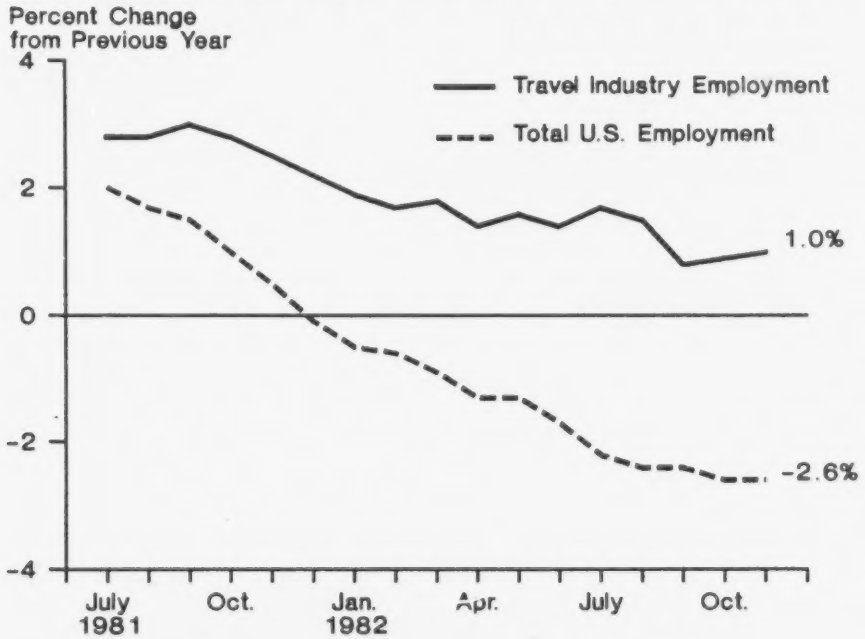
The U.S. travel industry offers a disproportionate number of jobs for blacks, hispanic-Americans, and women (Table IV-1). The industry is a particular source of jobs for the latter two groups, providing one-fifth more jobs for its size than the rest of the economy does.

FIGURE 4A
TRAVEL INDUSTRY EMPLOYMENT HAS GROWN FASTER THAN TOTAL U.S. EMPLOYMENT



p=preliminary
Source: U.S. Travel Data Center, Table 4B

FIGURE 4B
TRAVEL INDUSTRY EMPLOYMENT GREW THROUGHOUT THE 1981-82 RECESSION



Source: U.S. Travel Data Center

Table IV-1: Black, Hispanic and Female Share of Employment, 1986

Group	Employment share of the travel industry	Employment share of all U.S. industries
Blacks	11.0%	9.9%
Hispanic	8.2	6.6
Women	53.6	44.4

Source: U.S. Travel Data Center, U.S. Department of Labor; includes air transportation, eating and drinking places, hotels and motels, amusement and recreation services, and museums, art galleries and zoos.

Annual estimates are not available on youth employment by industry. However, data available from the 1980 Census of Population indicate those aged 16 to 24 years account for nearly 42 percent of employment in travel industry firms, compared to only twenty percent of total employment in the U.S. It appears it is twice as easy for youths to find jobs in travel as in other industries.

In 1986, the travel industry as defined here provided 920 thousand jobs for blacks, 686 thousand jobs for hispanic-Americans, and nearly 4.5 million jobs for women. It appears likely that the industry also employed about 3.5 million youths as well that year.

The U.S. Department of Labor projects that eighty percent of new entrants into the work force by the end of this century will be minorities, women and immigrants. Travel and tourism can be counted on to offer abundant job opportunities in the future for those who encounter the greatest difficulty in finding employment.

Travel Creates Jobs in Recessions

Employment in the travel industry has risen in every year since 1958 despite five economic recessions. This enviable record is not duplicated by the rest of the economy. Total U.S. payroll employment has declined during three out of the last 28 years.

The last recession ran from July 1981 through November 1982 and was one of the worst in the postwar period in terms of job loss and unemployment. By the downturn's end, U.S. payroll

employment had declined 2.6 percent below the previous year (Figure 4B).

This translated into a decline of 2.4 million jobs in the overall economy. Travel industry employment, however, was 72 thousand jobs higher than the previous November. Indeed, travel industry employment continued to grow throughout the recessionary period.

The travel industry can point to similar successes during earlier recessions: while employment in other sectors declines, travel industry employment continues to expand. Travel appears to be a counter-recessionary force in our economy, helping to offset employment losses in other industries and moderating the recession's damaging effects on jobs and income.

Travel Employment Outpaces the Economy during Expansions

Despite the recession's end in November 1982, total U.S. employment continued to decline for several months in 1983. Travel industry employment, on the other hand, rose month after month, producing healthy increases throughout the year. Since 1982, travel industry employment has grown 75 percent faster than jobs in the overall economy.

In 1986, travel industry employment grew faster than overall jobs for every month but one. (Figure 4C) In May, the industry's growth rate topped four percent and remained there throughout the rest of the year. Total employment, on the other hand, showed lower rates of growth during the second half of the year.

For the year as a whole, travel industry employment increased by 360 thousand jobs, more than twelve percent of the additional jobs created in the entire U.S. economy. Travel industry employment accounted for 8.7 percent of total U.S. employment in 1986, up from 7.0 percent a decade earlier.

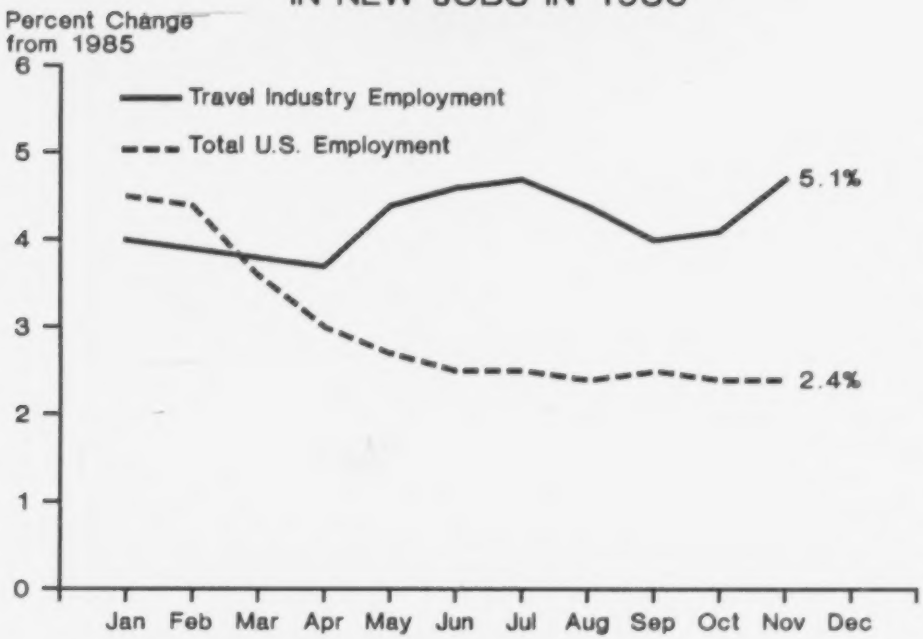
It is remarkable that the industry out paces the overall economy in creating new job opportunities in both economic recession and recovery.

Conclusion

Travel activity in America generates a substantial amount of the nation's employment. Over the long-term, the travel industry has created new jobs more than twice as fast as the overall economy. The industry is an abundant source of job opportunities for minorities, women and youth, groups traditionally disadvantaged in the nation's labor markets.

The travel industry proved again to be a significant counter-recessionary force in the 1981-82 economic decline as it

FIGURE 4C
TRAVEL INDUSTRY EXCELLED IN NEW JOBS IN 1986



Source: U.S. Travel Data Center, Table 4B

had in the previous four recessions. And since economic recovery began, the travel industry has provided one out of every seven new jobs created in the U.S. economy.

Providing plentiful job opportunities for all its residents has long been the nation's top economic priority. The travel industry stands out among U.S. industries in progress toward this goal. Public policies conducive to long-term economic growth, price stability, fair international trade, and unrestricted access to energy supplies can help insure the travel industry contributes as much in the future to meeting our employment requirements as it has in the past.

V. TRAVEL AND ENERGY

Travel away from home requires transportation and American transportation is dependent on petroleum fuels for 97 percent of its energy. Consequently, the cost and availability of petroleum plays a major role in the health and growth of the travel industry.

Total transportation activity in the U.S. increased oil consumption 1.4 percent during 1985, and accounted for 63 percent of all petroleum products consumed in the U.S. (Similar data on 1986 are not yet available.) Travel and tourism transportation comprised little more than ten percent of U.S. petroleum consumption in 1985, but grew about twice the rate of overall transportation. (Figure 5A)

Travel Transportation Efficiency Is Growing

In terms of barrels of petroleum products consumed, travel transportation increased 3.1 percent to 609 million barrels in 1985. This increase permitted a 4.7 percent rise in intercity passenger-miles, indicating travel transportation continued its trend toward more efficient use of fuel. U.S. travel away from home by all modes averaged 50.2 passenger-miles per gallon, up nearly two percent from 1984.

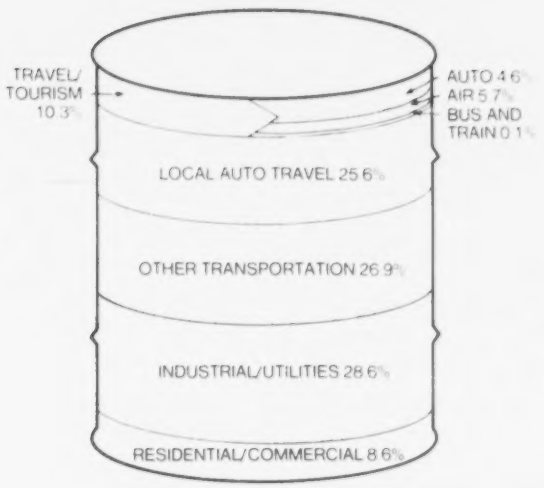
Petroleum consumption of U.S. domestic air carriers increased five percent in 1985, but fueled an increase in passenger-miles of nearly eleven percent. Gasoline consumption in personal motor vehicle travel (automobiles, trucks, motorcycles and recreational vehicles) rose 2.2 percent, but supported a 3.3 percent increase in passenger-miles. As a result, the number of passenger-miles produced by a gallon of airline fuel rose five percent, while the number produced by a gallon of gasoline rose one percent.

The nation's certificated air carriers consumed about one-half of the amount used by all modes of transport away from home. Personal motor vehicles accounted for 45 percent, while the remainder was used by general aviation, intercity bus, and rail transportation.

Dependence on Foreign Sources

After increasing for two years, U.S. dependence on imported petroleum dropped in 1985 to 27 percent of domestic consumption. This is the lowest level on record, and marks a dramatic

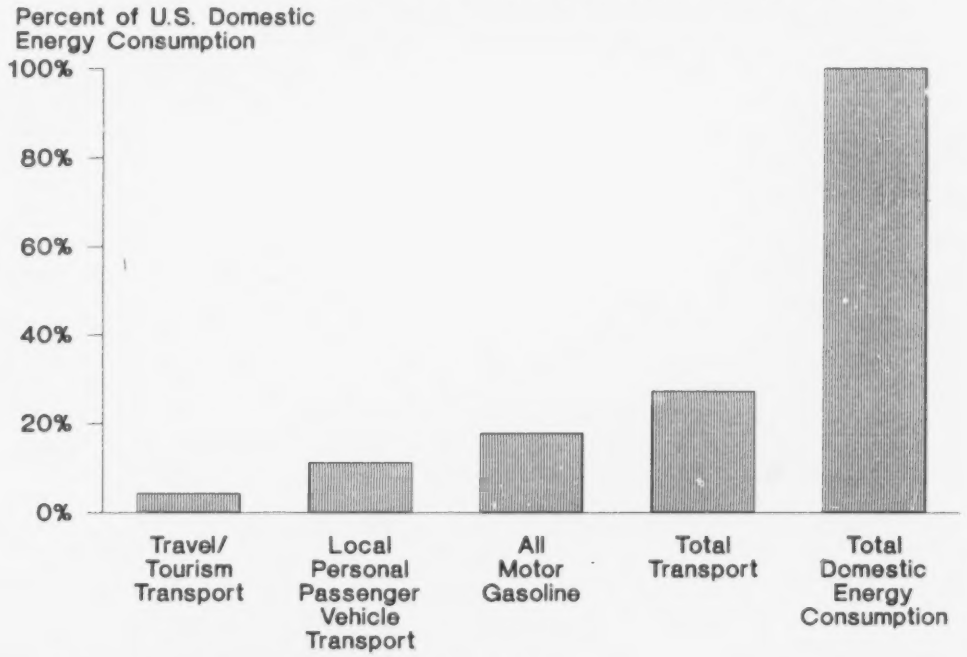
FIGURE 5A
TRAVEL AND TOURISM ACCOUNT FOR 10% OF DOMESTIC PETROLEUM CONSUMPTION



U.S. Consumption of Petroleum in 1985 was 5,740 Million Barrels

Source: U.S. Travel Data Center, Table 5A

FIGURE 5B
TRAVEL AWAY FROM HOME COMPRISED ONLY 4.4% OF DOMESTIC ENERGY DEMAND IN 1985



Source: U.S. Travel Data Center. Table 5B

improvement from our high of 46-percent dependence on foreign sources in 1977. However, data for the first three quarters of 1986 suggest the proportion of domestic consumption accounted for by imported oil has risen to one-third of our consumption.

Many are concerned about our rising dependence on imported petroleum. They point out that this makes the U.S. vulnerable to "oil blackmail" as foreign governments use our dependence upon their resources to extort political concessions.

Others argue that greater reliance on foreign sources of petroleum is not necessarily bad. For one thing, as long as U.S. oil production prices are higher than those of foreign producers, the U.S. economy is better off with the cheaper imports. For another, the ability of Middle Eastern nations to severely disrupt our economy has declined markedly from 1979, as Canada, Mexico, Great Britain, and other more stable sources of oil have gained in world market share. Finally, our industries have become much more adept at switching to alternative energy sources such as natural gas if oil supply conditions warrant.

In brief, there is no need to panic at our rising dependence on foreign producers, but we need to continue efforts to utilize petroleum more efficiently to limit the damage an international supply disruption would cause.

The increase in U.S. consumption of imported oil is due in part to the dramatic decline in world petroleum prices over between 1981 and 1986. The Organization of Petroleum Exporting Countries is trying to reduce production enough to raise the world price 26 percent to $18.00 a barrel in 1987. But given world demand and the increasing ability to use petroleum more efficiently or switch to alternative energy sources, it is unlikely the price will remain much above $16.00 a barrel. This might produce a ten percent rise in U.S. petroleum costs in 1987.

Conclusion

Travel and tourism transportation comprised only 4.4 percent of the nation's travel domestic energy demand 1985, a small rise from 1984 (Figure 5B). This is considerably less than other sectors, yet it supports a substantial amount of economic activity. For example, every barrel of petroleum consumed in travel and tourism during 1985, $415 was spent by travelers.

In short, travel and tourism requires a small amount of energy to make a large contribution to our economic welfare and quality of life. In times of concern over petroleum imports or shortages, little can be saved by drastically curtailing travel away from home. Rather, Americans could reduce mileage driven for commuting, shopping and other local uses of personal motor vehicles by forty percent and save as much as elimination of all travel and tourism would.

VI. INTERNATIONAL TRAVEL TRENDS

While the industrial economies of the world continued to expand in 1986 and price inflation was relatively dormant, international travel was rocked by the dramatic decline in the value of the U.S. dollar and by terrorist attacks against U.S. citizens and companies abroad.

The dollar bought 22 percent fewer Swiss francs, West German marks and Japanese yen by the end of 1986 than a year earlier. Italian, French and Spanish currencies were fifteen to twenty percent more expensive for Americans. Among those countries exchanging sizable numbers of travelers with America, only Mexico and Australia showed currencies declining against the U.S. dollar.

Of course, there was a positive side to the declining dollar: it enabled foreign residents to visit the U.S. more cheaply than the year or two before. As a result, for the first time in five years, foreign visitor spending here increased at a greater rate than U.S. traveler spending in other countries.

The year began with the hangover effects of a TWA hijacking out of Athens (November 23, 1985) and attacks on airports in Rome and Vienna (December 27, 1985). Terrorist attacks continued with bomb explosions in Paris (February-March, 1986) and a bomb explosion aboard a TWA flight descending into Athens (April 2). The April 15 U.S. bombing of Tripoli, and the Chernobyl nuclear power plant accident (April 28) further discouraged Americans from traveling to Europe.

U.S. travel overseas began an eight-month decline in March, reaching its low point in June at 25 percent below one year earlier. U.S. travel to Europe was off more than 40 percent in June, and the U. S. Travel and Tourism Administration estimates the decline caused by terrorism cost European nations at least $500 million in U.S. expenditures for the year.

Meanwhile, U.S. travel away from home continued to grow nearly every month of 1986. Canada was a major beneficiary of this growth as the world exposition in Vancouver boosted monthly visits by fifteen to thirty percent.

It is impossible to distinguish the negative effects of terrorist attacks from the impact of the falling dollar on U.S. travel abroad. It seems fair to conclude, however, that by the end of 1986, Americans were more concerned about the value of

their dollars in purchasing travel services abroad than about terrorism.

Foreign Visitors to the U.S.

Foreign visitor expenditures in the U.S. rose nine percent in 1986 $12.7 billion, their highest level since the record set in 1981. (Table VI-1). Employment directly supported by these visitors totaled 237 thousand, up six percent from the previous year. Payroll income attributable to this tourism rose ten percent. Rising expenditures and tax rates produced double-digit increases in Federal, state, and local tax revenues generated by foreign visitors to the U.S.

Table VI-1: Measures of Foreign Visitors' Economic Contribution, 1986 preliminary

Expenditures in U.S.	$12.7 billion
Payroll income generated	$ 2.8 billion
Employment generated	237 thousand jobs
Federal tax revenue generated	$ 870 million
State tax revenue generated	$ 572 million
Local tax revenue generated	$ 174 million

Source: U.S. Travel Data Center; preliminary

Foreign visitors to the U.S. totaled 22 million in 1986, up five percent from 1985 and the largest number since 1981. Canada contributed a marginal amount to this increase, while visitors from Mexico actually declined by 360 thousand in response to the plummeting peso. (Table VI-2)

Table VI-2: Foreign Visitors and Their Expenditures in the U.S. for Countries and Regions, 1986 Preliminary

Origin country/region	Visitors Millions	Visitors Variation from 1985	Visitor expenditures $millions	Visitor expenditures Variation from 1985
Canada	10.989	1%	$3,300	9%
Mexico	2.186	-14	1,750	-13
Overseas	8.835	17	7,620	15
Europe	3.723	28	2,790	23
Central+South America, Caribbean	2.049	14	1,650	6
Japan	1.650	10	1,650	16
Other areas	1.413	8	1.520	11
Total	22.010	5%	$12,697	9%

Note: Excludes international passenger fare payments and cruise travel; details may not add to totals due to rounding.
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis, U.S. Department of Commerce; preliminary

Europe contributed eighty percent of the increased visitor volume as exchange rates were especially favorable for these residents and 28 percent more traveled to the U.S. in 1986. Central and South America also produced double-digit rate of increase and one-quarter of the increase in visitor volume.

The 28-percent increase in visitors from Europe produce only a 23-percent increase in expenditures here, suggesting the average expenditure per visit declined five percent in 1986. This may be due to visitor growth centered in shorter-duration trips and budget tours.

Canadians, on the other hand, boosted their spending here by approximately eight percent per trip. Japanese visitors posted a six percent increase in expenditures per visit. These two countries accounted for about one-half of the one billion dollar increase in visitor spending during the year, with Europe accounting for about one-half as well.

These estimates are preliminary and there is little available on visitor expenditures by country for 1986 at this time. Table VI-3, however, shows visitors and expenditures for the top ten countries supplying "visit USA" traffic in 1985.

Table VI-3: Foreign Visitors and Expenditures in the U.S. for Top Ten Countries of Origin, 1985

Country of origin	Visitors (millions)	Visitor expenditures ($millions)	Expenditure per visitor
Canada	10.880	$3,037	$ 279
Mexico	2.542	2,013	792
Japan	1.496	1,418	947
United Kingdom	0.861	435	505
West Germany	0.509	539	1,059
France	0.336	305	908
Italy	0.220	135	613
Australia	0.240	280	1,166
Switzerland	0.149	NA	NA
Netherlands	0.131	132	1,007
Total all countries	20.960	$11,663	$ 556

Note: Excludes international passenger fare payments and cruise travel.
NA = not available
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis, U.S. Department of Commerce

The overall average rose only two percent from 1984. Spending per Canadian visitor actually fell two percent, reflecting unfavorable exchange rate developments and the ability of the Vancouver world exposition to lure some of the longer Canadian pleasure trips that are usually spent in the U.S. The expenditure averages for all other countries shown rose in 1985.

Australians show the highest average expenditure per visitor, spending twice as much as the average for all foreign visitors (Table VI-3). Visitors from West Germany were a close second.

Visitors from the United Kingdom spent the least per visit here but still more than $500. Canadian visitors, on the other hand, spent only $279 per visit. These differences reflect differing lengths of stay in the U.S. and varying daily expenditure patterns. Visitors from major overseas generating countries enjoyed rising exchange rates which allowed them to spend more in dollars here for a constant amount of their own currencies.

The average for Mexico should be used with caution. Evidence from the U. S. Travel and Tourism Administration's (USTTA) survey of international air travelers indicates Mexican visitors arriving by air spend about $800 per visit, but data on ground visitors are lacking. Three-quarters of Mexican visitor

expenditures occur in the border area and may include major durable purchases which would inflate the average.

For 1987, USTTA projects that total foreign visitor volume to the U.S. will rise four percent to 22.8 million. Overseas visitors should grow eight percent in number, and European visitors to the U.S. should grow nine percent. Germany and the Netherlands are projected to produce double-digit rates of increase.

Canada will supply only two percent more visitors in 1987 according to these projections, and visitors from Mexico will actually decline seven percent as the peso continues to weaken and the Mexican economy experiences further difficulties.

Negative developments that could obstruct growth in foreign tourism to the U.S. include increases in transatlantic fares, discord between the U.S. and several other countries on trade and other economic matters, and continued heavy promotion by competing national tourism offices in major U.S. foreign markets.

The above discussion indicates the relative size of the various markets for visit USA traffic and their value per visitor. These data can help travel suppliers and destinations plan marketing programs that provide the highest return on money invested.

U.S. Outbound Travel

The declining value of the dollar against major foreign currencies combined with terrorist activities against U.S. citizens and businesses depressed U.S. travel abroad in 1986. While the number of the attacks actually declined for the year, many potential travelers continued to believe that travel overseas was dangerous.

The number of U.S. passports issued in 1986 fell seventeen percent from 1985, the first drop since 1980. Nevertheless, American trips to foreign destinations increased five percent. Destination patterns changed dramatically, however (Table VI-4).

Table VI-4: U.S. Travelers and Their Expenditures in World Regions, 1986 Preliminary

	U.S. Travelers		U.S. Expenditures	
Country/region visited	U.S. travel (millions)	Variation from 1985	$millions	Variation from 1985
Canada	14.169	17%	$3,314	23%
Mexico	3.881	10	3,801	7
Overseas	11.658	-8	10,590	3
Europe	4.973	-23	5,102	-9
Caribbean	3.369	6	1,802	-8
Central+South America	1.043	10	760	26
Asia	1.764	4		
Other regions	0.509	14	2,926	19
Total all regions	29.708	5%	$17,705	7%

Note: Excludes international passenger fare payments and cruise travel
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis, U.S. Department of Commerce; preliminary.

U.S. travel to Europe dropped by nearly one-quarter for the year, a unique development in the history of U.S. travel abroad. This travel began to decline in March, reaching its low point in June when it was off more than forty percent from the same month in 1985. By the end of the year, however, the decline was apparently over.

The drastic decline in travel to Europe follows on the heals of four years averaging fifteen percent a year in growth of U.S. visitors. The number grew twelve percent in 1985 and if this

rate had held for 1986, 2.3 million more Americans would have visited Europe in 1986 than actually did. This suggests the volume of U.S. visitors lost due to the declining dollar and threats of terrorism.

Among overseas regions, travel to the South Pacific showed a marked increase, but the numbers remained small. Travel to the Americas grew by ten percent in travelers and more than twice that rate in expenditures. The Caribbean was a disappointment as trips grew modestly and expenditures actually declined.

U.S. travel to our neighboring countries soared. The 1986 World Exposition in Vancouver, Canada, drew attendance of more than twenty million, many of them Americans. As a result, U.S. visitor volume increased seventeen percent, th largest rise since the 1967 World Exposition in Montreal.

U.S. travel to Mexico increased ten percent, but expenditures did not keep pace. The dollar cost of the Mexican peso fell by more than half, stimulating visitor volume. However, Americans apparently found they could enjoy their stays while paying fewer dollars per visit than the year before.

These estimates are preliminary and there is little available on visitor expenditures by country for 1986 at this time. Table VI-5, however, shows U.S. trips and expenditures in the ten most popular countries in 1985.

Table VI-5: U.S. Travelers and Their Expenditures in Selected Foreign Countries, 1985

Country visited	U.S. travelers (millions)	U.S. expenditures ($millions)	Expenditure per traveler
Canada	12.100	$2,694	$ 223
Mexico	3.541	3,552	*
United Kingdom	2.523	1,645	652
France	1.586	770	485
West Germany	1.673	672	402
Italy	1.021	619	606
Switzerland	1.081	369	341
Netherlands	0.671	168	250
Austria	0.643	191	297
Belgium-Luxembourg	0.404	94	233
Total U.S.	28.293	$16,502	$ 583

*Definitions of U.S. visitors to Mexico and U.S. visitor expenditures in Mexico are not consistent so this average is meaningless.
Note: Excludes international passenger fare payments and cruise travel
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

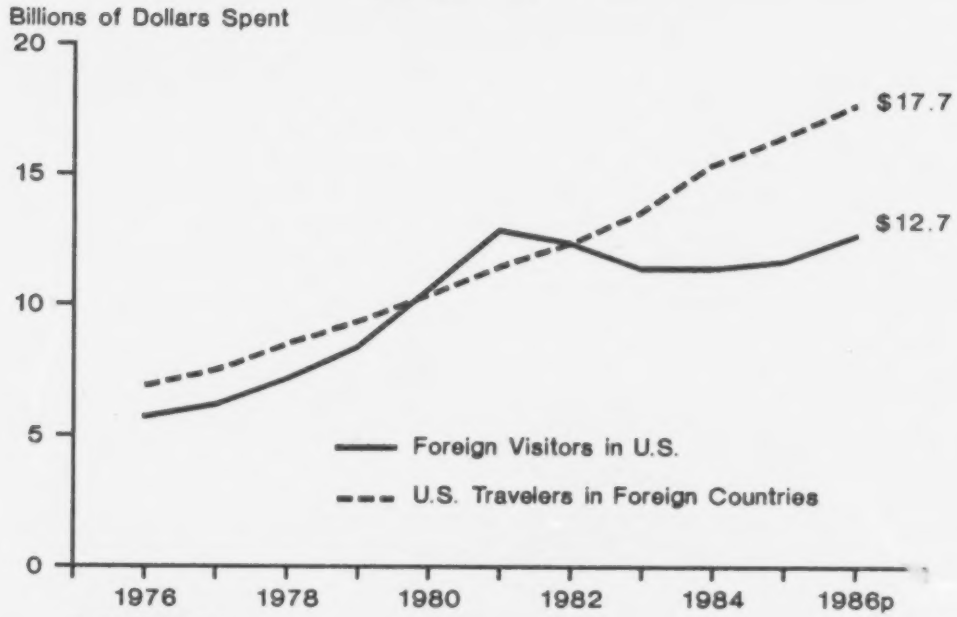
American travelers spent the least amount in our northern neighbor as trips to Canada average shorter durations than trips overseas. Differences in the definitions of visitors and visitor expenditures in Mexico prevent a consistent comparison for that country. However, USTTA's 1984 survey of international air travelers estimated U.S. visitors to Mexico by air spent $368 per traveler in Mexico.

U.S. travelers to the United Kingdom spent more per visit than those to any other overseas country. Italy was second in this regard with more than $600 per visitor. Visitors to both of these countries average length of stays among the highest in Europe. Belgium-Luxembourg visitors spent the least among the top ten, most likely the result of the shortest length of stay for Americans among the European countries.

International Travel Balances

The gap in U.S. international travel spending -- U.S. traveler expenditures in foreign countries less foreign traveler expenditures here -- rose again in 1986 for the fifth consecutive year. This deficit reached a record $5.0 billion, but was up only 3.5 percent above the 1985 deficit (Figure 6A).

FIGURE 6A
U.S. INTERNATIONAL TRAVEL SPENDING GAP WIDENED IN 1986



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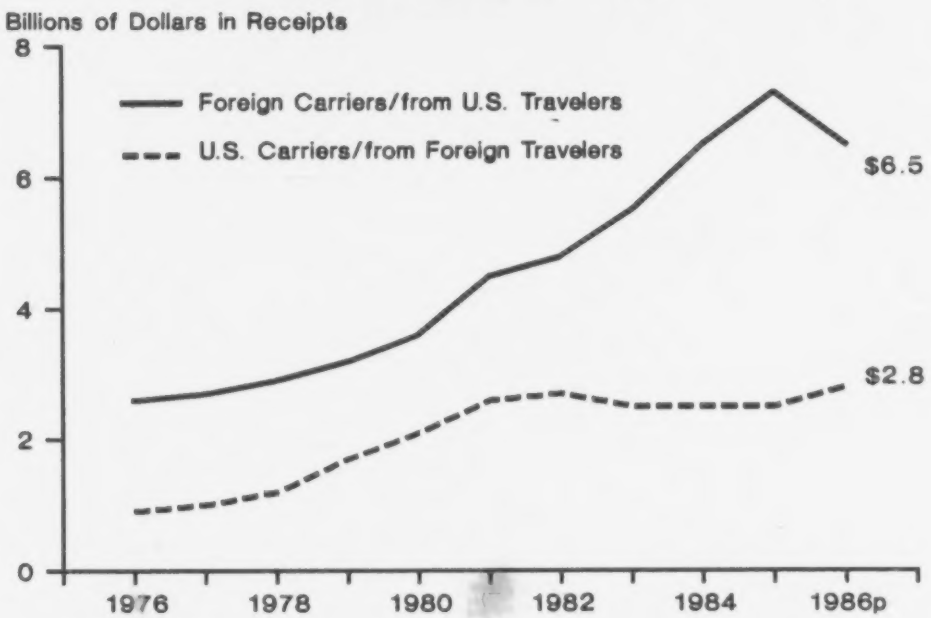
Source: U.S. Travel Data Center, Table 6A

FIGURE 6B
U.S. INTERNATIONAL PASSENGER FARE DEFICIT NARROWED IN 1986



p=preliminary
Source: U.S. Travel Data Center, Table 6B

This increase was far less than the 22-percent increase in our total international transactions deficit on goods and services. The international travel deficit comprised less than four percent of the deficit for all goods and services traded between the U.S. and other countries in 1986.

Since the last surplus in 1981, U.S. residents have spent $16 billion more visiting other countries than foreign residents have spent here. In 1986, for every dollar we received from foreign visitors, we spent $1.39 traveling in other countries. This ratio is down slightly from 1985.

While the international travel deficit did not shrink in 1986, the fact that visitor spending here grew faster than U.S. spending in foreign countries slowed its meteoric rise. Nineteen eighty-seven should produce a decline in the deficit as the weak dollar and relatively low domestic inflation continue to bring a U.S. trip within the means of more foreign travelers.

The U.S. international passenger fare deficit is the difference of the U.S. passenger payments to foreign carriers less receipts from foreign travelers (Figure 6B). This deficit narrowed considerably in 1986 after reaching an all time record of nearly $5 billion in 1985.

U.S. travelers paid foreign carriers nearly $6.5 billion for international transportation in 1986, down eleven percent from the previous year. Foreign residents traveling to America, on the other hand, increased their spending on U.S. carriers by 13 percent. The $2.8 billion they spent with U.S. international carriers was the highest level recorded for these expenditures.

The result was that the U.S. deficit on international air passenger fares fell by one-quarter to the lowest level in three years.

Despite this decline in our international passenger-fare deficit, there is much more work to be done. For every dollar our carriers receive from transporting a foreign national to and from the U.S., foreign carriers receive $2.31 from U.S. international travelers. Since 1980, U.S. carriers have managed to increase receipts from foreign nationals by less than one billion dollars, but foreign flag carriers have gained nearly $3 billion from American travelers over this period.

Progress toward reducing the enduring U.S. international passenger fare deficit requires aggressive marketing by U.S. carriers and elimination of impediments to fair international air travel competition imposed by foreign governments. These latter include prohibiting airline TV advertising (France), refusing to confirm space on the national carrier on domestic flights for travelers on any non-national carrier (Italy), and forbidding

non-national carriers from establishing ground-handling operations (western Europe except Spain).

Declining Market Share

Responding to the rising value of their own currencies in terms of dollars, foreign residents increased their travel to the U.S. for the first time in five years. Arrivals in the U.S. increased nine percent and surpassed the growth in world arrivals for the first time in six years. As a result, our share of world international arrivals rose slightly in 1986 but remained at the second lowest level in more than a decade (Figure 6C).

Our share of worldwide international travel receipts gained as well in 1986 but remained below the peak reached in 1976.

Over the last decade, the U.S. share of international visitor receipts averaged 11.3 percent. However, we have demonstrated we can achieve shares of nearly thirteen percent. Had we been able to maintain this share, our international visitor receipts over the last decade would have totaled $14 billion more than they did, and the nation would have benefitted from additional jobs and income, as well as a smaller trade deficit.

Moreover, there is no reason to believe thirteen percent is an upper limit on our share of the international market. Given the wealth of our travel attractions--both natural and manmade--and the diversity of our cultures, aggressive tourism marketing efforts could increase our share to fifteen percent or more.

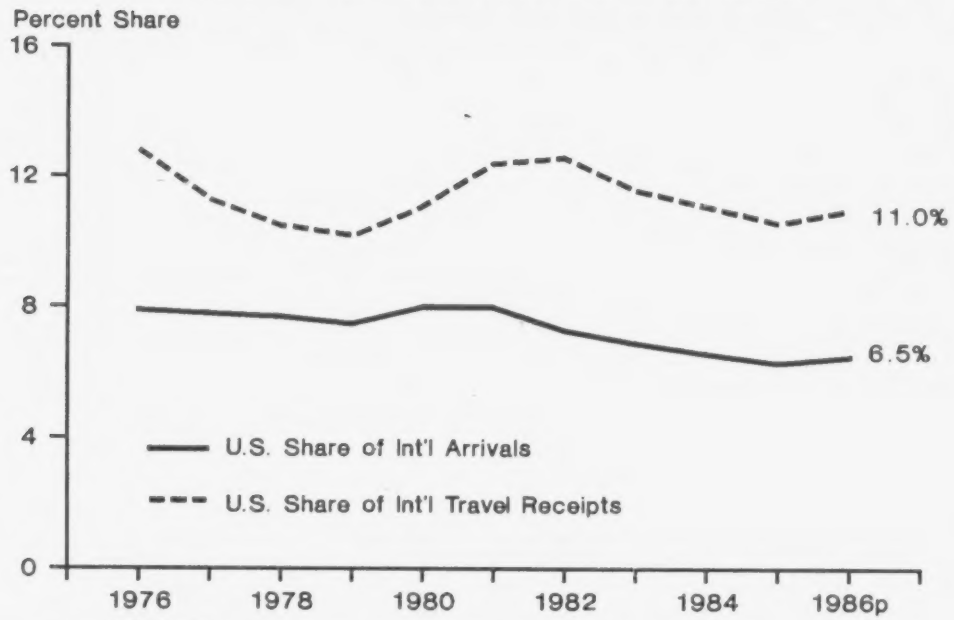
Meager Federal Commitment to Travel Market Development

A substantial part of such an aggressive effort must be a reversal of our declining national presence in world tourism markets. After peaking at more than $14 million in fiscal 1978, federal government resources devoted to international travel development fell to $8.1 million in fiscal 1983, and have remained at $12 million for fiscal years 1984-87.

If we use the increase in overall consumer prices to represent inflation over these years, the federal government is now devoting less than one-half the real financial resources to developing visit USA markets as it did nine years ago.

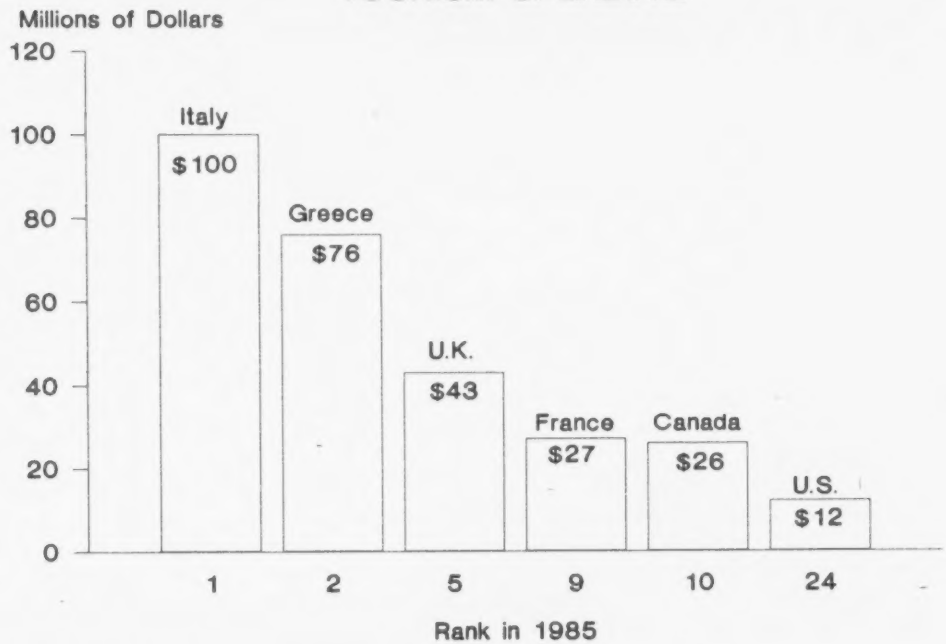
The U.S. lags far behind other countries in national government resources devoted to international travel development (Figure 6D). According to the Travel and Tourism Government Affairs Council, At least 23 governments spent more on tourism development than the U.S. did in 1985. Indeed, for the each of the last four years, Canada has spent more than this in the U.S. market alone.

FIGURE 6C
U.S. SHARE OF INTERNATIONAL ARRIVALS AND RECEIPTS REMAINED LOW IN 1986



p=preliminary
Source: U.S. Travel Data Center, Table 6C

FIGURE 6D
U.S. RANKS 24th IN NATIONAL GOVERNMENT TOURISM SPENDING



Source: U.S. Travel Data Center, Table 6D

The U.S. ranks first among nations in international visitor receipts (Table VI-6). Yet it is the only one among the top five with an international travel payments deficit. It is a doubtful coincidence that the other four outspend the U.S. in developing the international tourism market.

Table VI-6: Top Five Countries of the World in International Visitor Receipts, 1985 ($millions)

Rank	Country	Visitor receipts	International travel payments balance
1	United States	$11,663	($4,839)
2	Italy	8,758	6,475
3	Spain	8,150	7,140
4	France	7,942	3,385
5	United Kingdom	7,877	830

Source: U.S. Travel Data Center, Table 6E.

It is difficult to believe two dozen or so other countries are wrong to devote more of their budgets to financing tourism development than we do. It is more likely it is the U.S. that is out of step.

Regional Stake in International Tourism

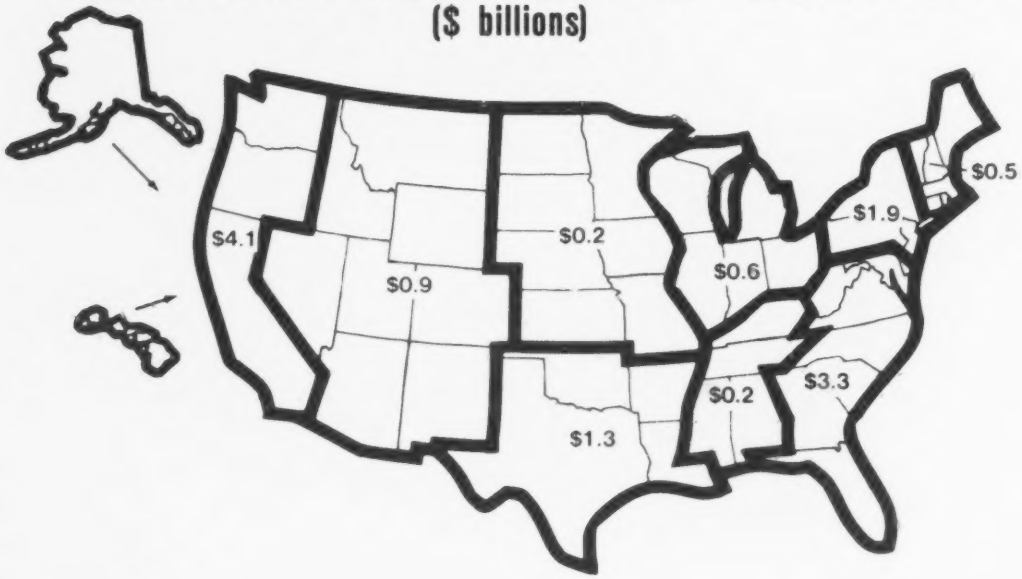
Figure 6E suggests the distribution of our international tourism market interests among eight regions defined by the U.S. Bureau of the Census.

In 1983, the most recent year sound regional data are available, foreign visitors spent over $4 billion in the five-state Pacific region alone, generating substantial employment and income in the process. The Southeast, too, enjoys considerable economic benefits from these markets. Even the West North Central region, garnering the smallest amount of visitor dollars, benefitted to the tune of $200 million. This positive impact was sizable relative to the regional economy.

All regional economies are favorably affected by foreign visitor spending. What is more, foreign visitors could contribute significantly more than they now do to economic development in these areas if the U.S. government mounted an aggressive, targeted international tourism marketing program.

We cannot expect state and local agencies and private enterprises in these regions to develop foreign visitor markets

FIGURE 6E
FOREIGN VISITOR EXPENDITURES IN U.S. REGIONS, 1983
($ billions)



Source: U.S. Travel Data Center

alone. The official state travel development offices, for example, are already spending as much to develop these markets as the federal government. The private sector, predominantly small business in nature, generally cannot afford the considerable costs of taking effective positions in foreign markets. Moreover, they often lack the expertise required.

Rather the federal government, with its commitment to balanced economic growth and small business prosperity and its familiarity with operating in foreign business environments, should take a more responsible position. A U.S. Travel and Tourism Administration budget large enough to raise us out of our cellar position in international travel market development is a sound investment in the economic health of our nation.

VII. REGIONAL TRAVEL PATTERNS

Americans take many trips to destinations in their own country. The U.S. Travel Data Center estimates that in 1986 Americans took more than one billion person-trips within the U.S. to places 100 miles or more away from home. These include trips for business or pleasure, in all seasons, in all regions of the country.

Figure 7A shows 1986 travel away from home to each of the nine regions defined by the U.S. Bureau of the Census. The estimates were derived from the Data Center's National Travel Survey conducted during 1986.

The South Atlantic region is the most popular regional travel destination. This region attracted over one-fifth of all U.S. trips during 1986. The Pacific region, dominated by California, held second place and was followed by the East North Central region around the Great Lakes.

The smallest number of trips were made to New England, comprising less than four percent of all U.S. person-trips for the year.

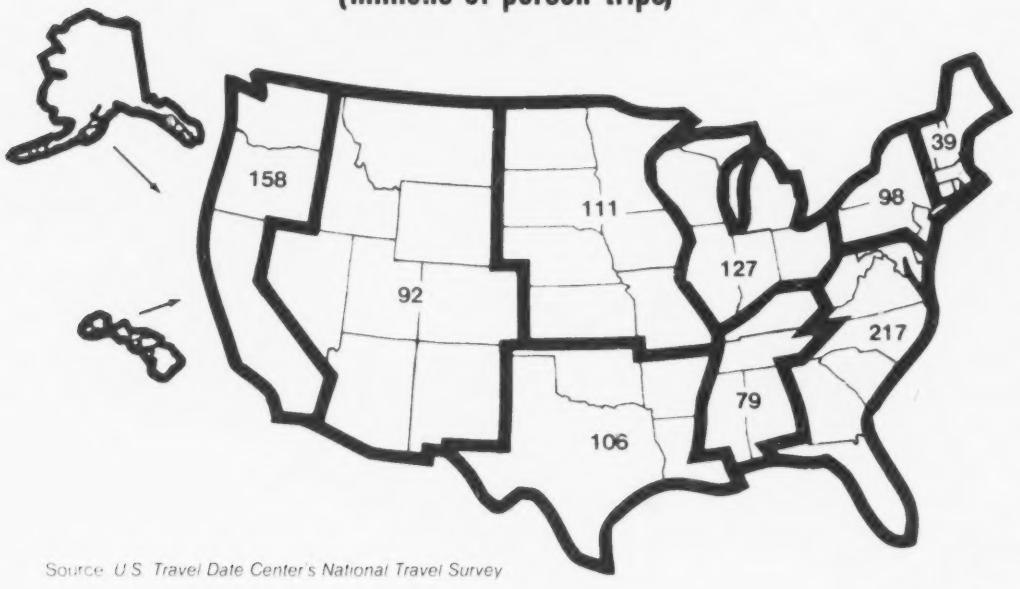
Regional Economic Impact

Travel's economic contribution begins with expenditures in a region. Travel spending depends not only on the number of trips to a region but the number of days spent there and the eating, lodging, amusement and transportation habits of the visitors. The Data Center's Travel Economic Impact Model, developed in 1975 and revised since, combines estimates of these factors to produce the measures of employment, income and tax revenue generated by travelers in an area.

U.S. resident travel expenditures for 1984 in each region are shown in Figure 7B. The South Atlantic region, ranked first in travelers, also holds first place in expenditures with nearly one-fifth of the total. The Pacific region and the Middle Atlantic regions followed close behind in second and third places, respectively. Travelers in the East South Central region spent the least--only four percent of the U.S. total--but still exceeded eight billion dollars.

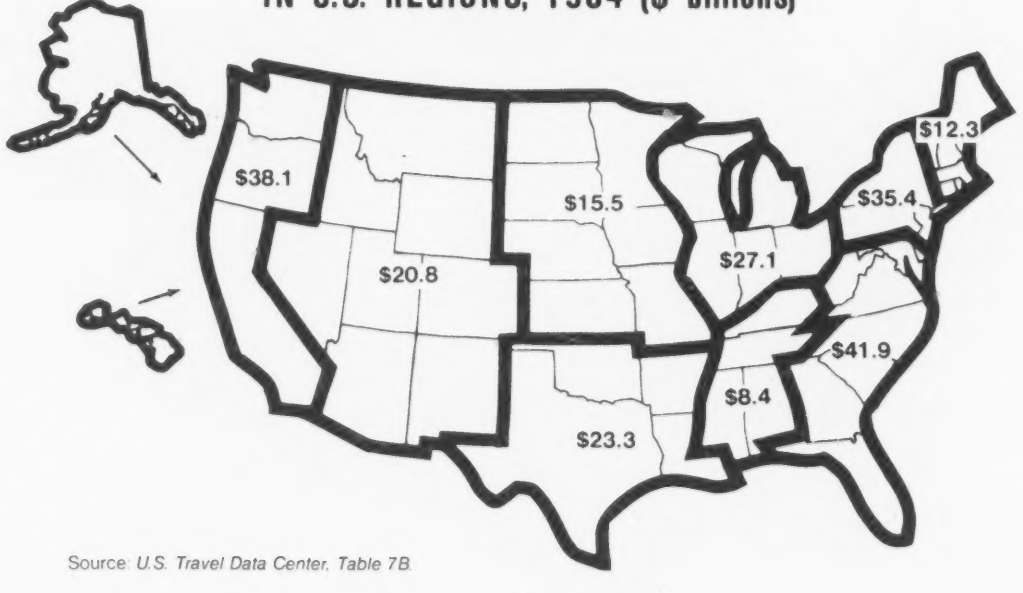
Individual states and cities as well as regions benefit from travel and tourism activity. Indeed, travel contributes to the economy of virtually all local areas in the nation. The

FIGURE 7A
U.S. RESIDENT TRAVEL BY DESTINATION REGION, 1986
(millions of person-trips)



Source: *U.S. Travel Date Center's National Travel Survey*

FIGURE 7B
U.S. TRAVEL EXPENDITURES
IN U.S. REGIONS, 1984 ($ billions)



Source: *U.S. Travel Data Center, Table 7B.*

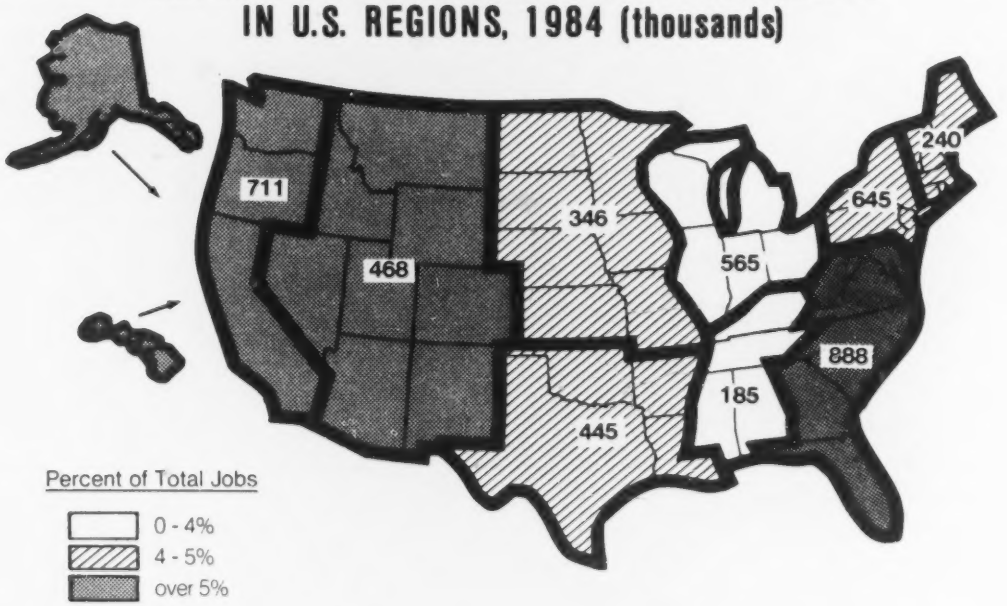
U.S. Travel Data Center has conducted studies of travel's economic impact in nearly 1,800 of the nation's 3,139 counties and county equivalents since 1978. In only three of these counties has it found that travel made no measurable economic contribution. Few industries that can boast of such universal economic benefits.

One of the most important economic effects of travel is the employment it generates, Figure 7C shows the regional distribution of the 4.5 million jobs directly attributable to travel in 1984.

The South Atlantic region led this category in 1984 with nearly 900,000 travel-generated jobs, one-fifth of the total, the same share as expenditures. The Pacific region again held second place. The East South Central showed the least employment of any region, but still generated 185,000 travel-related jobs.

The Mountain region, with relatively few jobs attributable to travel activity, is most dependent on it for employment. Almost one job in ten there is directly generated by travel spending.

FIGURE 7C
EMPLOYMENT GENERATED BY U.S. TRAVELERS IN U.S. REGIONS, 1984 (thousands)



Source: *U.S. Travel Data Center, Table 7B.*

Major industrial regions, such as the East North Central area, indicate the least dependence on travel and tourism for employment. However, these regions still have a significant stake in the growth and prosperity of the travel industry as traditional sources of employment decline.

As an employer, the travel industry is a powerful economic development force in most states. Data Center studies show that travel and tourism generate more jobs than any other private industry in 13 states and is among the top three private employers in 39 states. In no state does travel rank lower than thirteenth among the 69 private sector industries studied.

In every section of the country, public officials and business executives concerned with regional economic development should promote policies that encourage travel development and avoid those that impede tourism's unique abilities to stimulate a region's employment and economic development.

Table VII-1: Annual Impact of 100 Additional Visitors a Day on the Average U.S. Community, 1985

Direct impact	Total impact*
$1,237,000 in retail and service industry sales to visitors	$2,350,000 in business receipts
$243,000 in wages and salaries	$619,000 in wages and salaries
28 new travel industry jobs providing additional income for 26 households with 70 residents	48 new jobs providing additional income for 44 households with 118 residents
$99,000 in state and local tax revenue, enough to support 31 school children	$145,000 in state and local tax revenue, enough to support 46 school children
Two more retail or service establishments	Four more retail or service establishments
$119,000 increase in bank deposits	$226,000 increase in bank deposits

*includes direct, indirect, and induced impact
Source: U.S. Travel Data Center

Table VII-1 shows the annual return to the average U.S. community from investing in programs that bring in an additional 100 visitors per day. These additional visitors directly contribute to the economic vitality of the community through their expenditures.

And as their expenditures become business receipts, they generate additional purchases by businesses and employees, and additional income to the residents of the community. In the process, jobs and tax revenue are generated.

These estimates are illustrative of the benefits that can accrue to those communities that include travel and tourism development programs in their overall economic development strategy.

Americans make many trips to destinations in their own country. The U.S. Travel Data Center estimates that in 1986 Americans took more than one billion person-trips within the U.S. to places 100 miles or more away from home. These include trips for business or pleasure, in all seasons, in all regions of the country.

Figure 7A shows 1986 travel away from home to each of the nine regions defined by the U.S. Bureau of the Census. These are different from the "travel regions" used in earlier editions of this report. The estimates were derived from the Data Center's National Travel Survey, conducted monthly.

The South Atlantic region is the most popular regional travel destination. In 1986 this region attracted over one-fifth of all U.S. trips. The Pacific region held second place. The smallest number of trips were made to New England, comprising only less than four percent of all U.S. person-trips for the year.

Regional Economic Impact

Travel's economic contribution begins with expenditures in a region. Travel spending depends not only on the number of trips to a region but the number of days spent there and the eating, lodging, amusement and transportation habits of the visitors. The Data Center's Travel Economic Impact Model, developed in 1975 and revised since, combines estimates of these factors to produce the measures of employment, income and tax revenue generated by travelers in an area.

The 1984 estimates of U.S. traveler spending in each region are shown in Figure 7B. The South Atlantic region ranked first in travelers and also held first place in expenditures with nearly one-quarter of the total. The Pacific region took second place, indicating travelers there spend more per trip than other regions. Travelers in the East South Central region spent the

least -- less than four percent of the U.S. total -- but still exceeded $8 billion.

Individual states and cities as well as regions benefit from travel and tourism activity. Indeed, travel contributes to the economy of virtually all local areas in the nation. The U.S. Travel Data Center has conducted studies of travel's economic impact in nearly 1,800 of the nation's 3,139 counties and county equivalents since 1978. In only three of these counties was it found that travel made no measurable economic contribution. There are few industries that can boast of such ubiquitous economic benefits.

One of the most important economic effects of travel is the employment it generates, Figure 7C shows the regional distribution of the 4.5 million jobs directly attributable to travel in 1984.

The South Atlantic region led this category in 1984 with nearly nine hundred million travel-generated jobs, one-fifth of the total and the same share as expenditures. The Pacific region held second place. The East South Central region showed the least employment of any region, but still showed nearly one-quarter million travel-generated jobs.

The Mountain region, with relatively few jobs attributable to travel activity, is most dependent on it for employment. Nearly one job in ten there is directly generated by travel spending.

The East North Central area, a major U.S. industrial region, indicates the least dependence on travel and tourism for employment. However, it still has a significant stake in the growth and prosperity of the travel industry as other industries decline.

Travel is a powerful economic development force in many areas. Data Center studies show that travel and tourism generate more jobs than any other private industry in 13 states and is among the top three private employers in 39 states. In no state does travel rank lower than thirteenth among the 69 private sector industries studied.

Public officials and business executives concerned with facilitation regional economic development should consider policies that encourage travel development and avoid those that impede tourism's unique abilities to generate employment and regional economic development.

VIII. CONCLUSION

Nineteen eighty-six should have been a good year for the nation's $260 billion travel industry for the major factors that have affected tourism in the past were all favorable.

- The U.S. economy continued to expand, providing additional jobs and extra income that permit and encourage more travel.
- Price inflation was virtually nonexistent, boosting discretionary consumer purchasing power.
- Consumers turned from the durables-buying binge of 1983-84 to directing more dollars to services, such as travel away from home.
- Most travel prices were stable while gasoline prices were actually falling.
- The weakening dollar and threats of terrorist attacks abroad encouraged some residents to discover America in 1986.

What transpired in travel demand did not meet rosy expectations. Trip volume rose an uninspiring four percent while nights away from home actually declined. Travel expenditures in the U.S. increased six percent, below the long term trend. In real terms, the primary travel industry's output was disappointing as well. Only the airlines could boast of a double-digit increase in passenger traffic, but purchased at the expense of widespread fare discounting that yielded a marginal increase in revenue.

Feeding off the declining dollar, foreign visitation from overseas exceeded the long-term trend of growth. This was partially offset from losses of Mexican visitors and negligible growth in Canadians traveling here. Rising costs and fear of terrorism reduced U.S. travel abroad. As a result, the nation's international travel deficit hardly budged from earlier levels and the international passenger fare deficit actually declined. But the U.S. share of the international travel market still left much to be desired.

Despite these disappointments, travel in America remained a major economic force, providing growth and generating personal income, tax revenue, and jobs for those who need them most.

Moreover, travel prices declined for the first time on record and intercity passenger transportation continued to use energy more efficiently.

Given the constructive role travel plays in national, regional and local economies, it is essential that business and government focus on the challenges to growth of travel in America and the industry that serves it. There are five of these challenges that affected travel activity in the recent past and will help determine its course in the year ahead.

1. Competition for discretionary time and money

As discussed in Chapter II, recent years have indicated that leisure travel must compete with home and automobile-related items for discretionary consumer dollars. This is particularly troublesome when the business cycle forces consumers to postpone regular replacement and upgrading of their homes, appliances, furniture, and automobiles. National economic policies that counteract recessions and restrain booms while maintaining inflation at moderate levels help insure that consumers can regularly satisfy personal and family requirements and meet their needs for pleasure travel away from home.

But the travel industry must recognize there is competition for scarce leisure time as well. Home entertainment options and local recreation facilities remove the need for consumers to travel away from home for entertainment and amusement. Yet vacationing in a distant environment offers important educational, health and family benefits that cannot be duplicated in the local community. The industry must join together to promote these benefits to the public and position travel as the superior use of leisure time in America.

The national domestic travel marketing plan adopted by the Travel Industry Association of America offers the best opportunity to meet this challenge and deserves consideration by all interested in encouraging travel away from home.

2. Industry Consolidation

At the end of 1985, thirteen U.S. air carriers accounted for 90 percent of the air passenger miles flown in the U.S. A year later, through mergers and acquisitions, nine carriers held 95 percent of the market. Since airline deregulation in 1978, a total of 234 carriers were certificated at one time or another. In January 1987, only 74 were operating.

Such consolidation affects travel demand in at least three ways. For one, fewer carriers dominating the market can lead to less price competition and higher fares; this would discourage

travel. So far, the "fare wars" do not appear to have abated and leisure travelers can still find bargains on many routes.

Second, to the extent that consolidation has hastened the rise of hub-and-spoke airline route systems which feed travelers into central cities for dispersion to their ultimate destinations, this reduces the number of direct and nonstop flights available relative to demand.

Finally, in the process of digesting their new acquisitions, airline service can deteriorate rapidly in a short period of time. It is no coincidence that complaints about air service soared by 30 percent in 1986, according to the U.S. Department of Transportation.

To the extent that these factors make it more difficult and more expensive to travel, demand will stagnate. This will affect not only the airlines but also the destinations and ancillary services that depend on air travelers' business.

3. Tax Policies

The ax of heavier taxation fell on travel and the travel industry within the last year. On the federal side, the Tax Reform Act of 1986 increased taxes on hotel development and auto rental fleets, eliminated write-offs for educational travel, and reduced the deductibility of business meals and entertainment and cruise travel.

The feds also began collecting new immigration inspection fee ($5.00 per international passenger) and customs user fee (additional $5.00) in addition to the longstanding $3.00 international departure tax. Finally, Congress permitted the National Park Service to increase entrance fees substantially: up to 100 percent or more for certain facilities, costing visitors $54 million.

The states have not been shy about taxing travel either. Every state taxes gasoline and forty-five tax hotel/motel lodging, auto rentals, and restaurant meals. During 1986, eight states increased their sales taxes on restaurant meals, while seven did so on hotel/motel lodging.

Cities have followed this pattern as well. More than 30 cities tax hotel/motel lodging six percent or more, and this is in addition to state and county taxes that may apply. One eastern city now collects 9.25 percent plus $2.00 a night from hotel guests.

It appears that tax authorities at all levels of government are turning increasingly to tourism and the travel industry to balance their budgets. This attitude may well discourage travel activity and limit its economic contributions even though the industry is holding the line on prices.

4. Air Travel Congestion

Nineteen eighty-six was one of the worst years on record for delayed flights and outright cancellations. The Air Transport Association of America estimates that passengers encountered delays averaging 2,000 hours a day, the equivalent of grounding 200 planes. The cost to passengers and shippers was placed at more than $3 billion.

The blame is various placed on inadequate airport capacity, the strain adjusting to soaring demand, overscheduling at major hubs, bad weather, and insufficient capacity to monitor the airways. Whatever the reason, delays increase the hassle of travel and are sure to dissuade some from flying on their trips or traveling away from home at all.

5. Foreign Exchange Rates

The dollar is nine percent cheaper than a year ago in terms of British pounds, fourteen percent cheaper in Japanese yen, and 19 percent cheaper in German marks. Many commentators feel the dollar will continue its decline in the year ahead.

This trend places travel to European destinations increasingly beyond the reach of many American travelers, but enlarges the pool of Europeans and Japanese who can afford to visit the USA. In the process, markets rise and decline at a rapid rate, making nightmares out of tour operators' market planning.

The federal government has important roles to play in facilitating the inbound traffic that boosts our economy. One is to reduce the indignities on entering this country making it as easy as possible for the law-abiding to enter. Another is to keep taxes on this traffic within reasonable limits. A third important role is to prevent the dollar decline from turning into a rout that destroys faith in the dollar as the premiere world currency.

Industry is challenged to provide fair exchange for foreign currencies, multi-lingual signing and guides, and patient advice on getting around America. Our country offers the most diverse variety of attractions in the world but it is often the people visitors encounter that spells the difference between taking a positive feeling back home or a negative one.

APPENDICES

APPENDIX A
BASIC TRAVEL DATA

Table 2A: Business Receipts of Selected U.S. Travel Industry Sectors, 1972-1986
($ billions)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980
Transportation									
Air*	$7.686	$8.518	$9.903	$10.301	$12.104	$13.773	$15.753	$18.931	$23.317
Bus	0.974	1.023	1.152	1.172	1.232	1.331	1.420	1.664	1.943
Rail	0.163	0.202	0.246	0.237	0.266	0.281	0.287	0.365	0.415
Lodging									
Hotel/motel	10.027	10.955	11.757	13.002	15.129	16.413	20.070	25.229	26.832
Foodservice									
Eating and drinking places	36.180	40.402	44.673	51.067	57.211	63.276	71.724	81.990	89.924
Entertainment/recreation									
Amusement and recreation services**	15.612	16.478	19.483	21.061	24.213	26.611	27.102	30.078	33.016
Travel industry	$70.642	$77.578	$87.214	$96.840	$110.155	$121.685	$136.356	$158.257	$175.447
Gross national product	$1,212.8	$1,359.3	$1,472.8	$1,598.4	$1,782.8	$1,990.5	$2,249.7	$2,508.2	$2,732.0

Sector	1981	1982	1983	1984	1985	1986p	1987p
Transportation							
Air*	$25.504	$25.442	$27.347	$31.181	$32.247	$32.900	$36.100
Bus	2.069	2.103	2.211	2.241	2.229	2.140	2.150
Rail	0.468	0.465	0.515	0.557	0.605	0.631	0.663
Lodging							
Hotel/motel	31.572	32.749	35.897	38.917	41.837	45.895	50.100
Foodservice							
Eating and drinking places	97.969	104.427	114.684	124.541	133.243	142.900	154.000
Entertainment/recreation							
Amusement and recreation services**	37.207	38.912	41.747	44.327	47.754	51.100	54.700
Travel industry	$194.789	$204.098	$222.401	$241.764	$257.915	$275.566	$297.713
Gross national product	$3,052.6	$3,166.0	$3,405.7	$3,765.0	$3,998.1	$4,206.5	$4,420.0

*U.S. scheduled carriers in domestic service
**1972-77 receipts estimated by U.S. Travel Data Center
p = projected
Note: details may not add to totals due to rounding
Source: U.S. Travel Data Center, based on data from the U.S. Department of Transportation, Transportation Policy Associates, American Bus Association, Amtrak, U.S. Bureau of Economic Analysis, U.S. Bureau of the Census.

Table 2B: Business Receipts of Selected U.S. Travel Industry Sectors in 1982 Dollars, 1972-1986
($1982 billions)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980
Transportation									
Air*	$14.651	$15.770	$16.128	$16.306	$18.141	$19.558	$22.524	$25.335	$24.346
Bus	2.001	2.064	2.166	1.986	1.962	2.033	2.001	2.166	2.142
Rail	0.332	0.421	0.388	0.432	0.454	0.476	0.443	0.554	0.520
Lodging									
Hotel/motel	26.331	27.608	27.547	28.370	30.484	30.621	32.832	35.786	33.352
Foodservice									
Eating and drinking places	79.815	83.217	82.499	86.923	91.567	95.109	99.783	103.028	103.266
Entertainment/recreation									
Amusement and recreation services**	26.950	27.426	30.442	30.759	33.831	35.633	34.437	35.944	36.819
Travel industry	$150.080	$156.507	$159.168	$164.775	$176.438	$183.430	$192.020	$202.812	$200.446
Gross national product	$2,608.5	$2,744.1	$2,729.3	$2,695.0	$2,826.7	$2,958.6	$3,115.2	$3,192.4	$3,187.1

Sector	1981	1982	1983	1984	1985	1986p	1987p
Transportation							
Air*	$23.989	$25.442	$27.657	$29.861	$33.017	$36.805	$39.783
Bus	2.119	2.103	2.072	2.119	2.080	2.072	2.064
Rail	0.531	0.465	0.487	0.509	0.531	0.554	0.576
Lodging							
Hotel/motel	35.217	32.749	34.171	34.343	34.525	36.490	37.584
Foodservice							
Eating and drinking places	103.234	104.427	109.745	114.174	117.271	121.112	123.600
Entertainment/recreation							
Amusement and recreation services**	39.009	38.912	40.188	40.918	42.279	44.864	47.500
Travel industry	$204.099	$204.098	$214.321	$221.924	$229.703	$241.896	$251.107
Gross national product	$3,248.8	$3,166.0	$3,279.1	$3,489.9	$3,585.2	$3,675.5	$3,765.0

*U.S. scheduled carriers in domestic service
**1972-77 receipts estimated by U.S. Travel Data Center
p = projected
Note: details may not add to totals due to rounding
Source: U.S. Travel Data Center, based on data from the U.S. Department of Transportation, Transportation Policy Associates, American Bus Association, Amtrak, U.S. Bureau of Economic Analysis, U.S. Bureau of the Census.

Table 2C: U.S. Domestic Intercity Transportation Activity, 1972-1986
(billions of passenger-miles)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980
Common carriers									
Air*	123.0	132.4	135.4	136.9	152.3	164.2	189.1	212.7	204.4
Bus	25.6	26.4	27.7	25.4	25.1	26.0	25.6	27.7	27.4
Rail**	3.0	3.8	3.5	3.9	4.1	4.3	4.0	5.0	4.7
Total	151.6	162.6	166.6	166.2	181.5	194.5	218.7	245.4	236.5
Auto/truck/RV***	764.6	787.5	759.8	792.8	853.1	891.2	922.7	895.7	881.3
Total all modes	916.2	950.1	926.4	959.0	1,034.6	1,085.7	1,141.4	1,141.1	1,117.8

Sector	1981	1982	1983	1984	1985	1986p
Common carriers						
Air*	201.4	213.6	232.2	250.7	277.2	309.0
Bus	27.1	26.9	26.5	27.1	26.6	26.5
Rail**	4.8	4.2	4.4	4.6	4.8	5.0
Total	233.3	244.7	263.1	282.4	308.6	340.5
Auto/truck/RV***	893.9	906.8	919.9	944.2	975.3	1,032.9
Total all modes	1,127.2	1,151.5	1,183.0	1,226.6	1,283.9	1,373.4

*U.S. scheduled carriers in domestic service
**for fiscal years October 1 through September 30.
***Data reflect Federal Highway Administration road classification system changes in 1980.
p = projected
Note: details may not add to totals due to rounding
Source: U.S. Travel Data Center, based on data from the American Bus Association, Amtrak, and Transportation Policy Associates

Table 2D: U.S. Travel Agency Locations, Airline Sales and Airline Commissions, 1977-1986

	1977	1978	1979	1980	1981	1982	1983
Travel agency locations	13,454	14,804	16,112	17,339	19,203	20,962	23,059
Agency airline sales* ($ billions)	$9.4	$11.4	$14.7	$18.1	$20.0	$21.8	$25.8
Agency airline commissions ($ millions)	$805	$895	$1,176	$1,533	$1,851	$2,061	$2,428
Airline passenger revenue ($ billions)	$16.8	$19.2	$23.2	$28.9	$31.1	$31.0	$32.7

	1984	1985	1986p
Travel agency locations	26,037	27,193	28,933
Agency airline sales* ($ billions)	$29.8	$32.3	$32.6
Agency airline commissions ($ millions)	$2,837	$3,092	$3,200
Airline passenger revenue ($ billions)	$37.0	$39.2	$40.0

*includes credit card sales

Source: U.S. Travel Data Center, based on data from the Air Transport Association of America and the U.S. Department of Transportation

Table 2E: U.S. Consumer Durable Sales, Personal Income, and Pleasure Travel, 1972-1986

	1972	1973	1974	1975	1976	1977	1978	1979
Consumer durable sales ($billions)								
Bldg. material & supply stores	$15.0	$17.2	$17.8	$17.9	$22.5	$27.1	$31.9	$36.3
Motor vehicle dealers	76.5	88.6	80.6	89.0	111.3	128.8	144.6	152.0
Furniture & home furnishing stores	13.7	15.2	16.3	16.2	18.0	20.3	22.5	25.6
Appliance, radio & TV stores	6.8	7.4	7.6	8.3	9.2	10.0	10.7	12.9
Total durable sales	$111.9	$128.4	$122.3	$131.4	$160.9	$186.3	$209.7	$226.7
Personal income ($billions)	$982	$1,102	$1,210	$1,313	$1,451	$1,608	$1,812	$2,034
Pleasure person-trips (millions)	NA	NA	NA	NA	NA	NA	NA	883

	1980	1981	1982	1983	1984	1985	1986
Consumer durable store sales ($billions)							
Bldg. material & supply stores	$35.0	$35.7	$35.2	$42.4	$50.0	$53.8	$63.0
Motor vehicle dealers	137.7	153.1	163.0	200.1	241.5	271.0	288.7
Furniture & home furnishing stores	26.3	27.4	27.0	31.0	35.0	36.9	41.0
Appliance, radio & TV stores	13.9	15.3	15.7	19.7	22.6	26.2	29.4
Total	$212.9	$231.6	$240.8	$293.2	$349.1	$388.0	$422.1
Personal income ($billions)	$2,259	$2,521	$2,671	$2,839	$3,110	$3,315	$3,486
Pleasure person-trips (millions)	764	843	788	786	734	807	853

NA = not available
Source: U.S. Travel Data Center, U.S. Bureau of the Census, U.S. Bureau of Economic Analysis

Table 3A: Travel Price Index and Its Components, 1972-1986

Component	1972	1973	1974	1975	1976	1977	1978	1979	1980
Transportation									
Airline fares	130.3	134.7	145.9	159.0	172.2	182.0	190.6	205.8	284.8
Bus fares	140.1	145.7	161.0	186.0	196.9	223.5	240.2	260.0	297.1
Rail fares	124.5	122.8	135.2	151.2	165.3	180.6	194.6	212.4	250.1
Gasoline	107.6	118.1	159.9	170.8	177.9	188.2	196.3	265.6	369.1
Lodging									
Hotel/motel	132.7	138.4	148.9	159.8	172.9	187.0	213.1	245.8	280.7
Foodservice									
Food away from home	131.1	141.4	159.4	174.3	186.1	200.3	218.4	242.9	267.0
Entertainment/Recreation									
Entertainment services	128.3	132.3	140.1	149.1	155.3	166.2	175.4	187.6	201.6
Incidentals	115.1	118.0	125.6	132.9	137.4	161.5	168.7	178.0	193.3
Travel Price Index	123.0	130.0	148.9	160.2	169.9	187.8	203.3	234.3	283.2
Consumer Price Index	125.3	133.1	147.7	161.2	170.2	181.5	195.4	217.4	246.8

Component	1981	1982	1983	1984	1985	1986	1987p
Transportation							
Airline fares	358.4	395.0	417.8	442.6	470.9	490.2	507
Bus fares	339.8	368.8	402.2	436.3	466.6	514.3	559
Rail fares	297.9	334.0	352.9	379.0	392.7	416.2	440
Gasoline	410.9	389.3	376.3	370.2	373.3	291.4	304
Lodging							
Hotel/motel	312.8	349.0	366.7	395.3	423.0	438.6	454
Foodservice							
Food away from home	291.0	306.5	319.9	333.3	346.6	360.1	375
Entertainment/Recreation							
Entertainment services	216.3	231.8	245.2	257.4	271.3	286.3	302
Incidentals	206.1	215.4	221.7	227.1	233.3	236.9	243
Travel Price Index	319.7	337.2	350.6	363.9	381.3	379.6	393
Consumer Price Index	272.3	289.1	298.4	311.1	322.2	328.4	340

*Consumer Price Index revised beginning with 1977; data for 1977 and subsequent years are not strictly comparable with earlier years.

Source: U.S. Travel Data Center, based on U.S. Bureau of Labor Statistics data.

Table 4A: Payroll Employment for Selected Travel Industry Sectors, 1972-1986
(thousands)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980
Intercity highway passenger transportation	42.0	41.3	42.4	39.9	39.6	37.4	36.1	36.7	37.9
Air transportation	348.3	365.7	367.8	362.8	373.8	386.3	407.9	438.2	453.4
Eating and drinking places	2,860.2	3,053.8	3,231.2	3,379.5	3,656.2	3,948.6	4,277.2	4,513.1	4,625.8
Hotels, motels and tourist courts	774.9	807.7	823.5	849.5	885.2	913.0	94[illegible].6	1,019.9	1,037.7
Amusement and recreation services	504.4	543.7	553.5	596.8	636.8	665.7	.708.4	712.0	763.5
Travel Industry	4,529.8	4,812.2	5,018.4	5,228.5	5,591.6	5,951.0	6,375.2	6,719.9	6,918.3
Total U.S.	73,675	76,790	78,265	76,945	79,382	82,471	86,697	89,823	90,406

Sector	1981	1982	1983	1984	1985	1986p
Intercity highway passenger transportation	38.1	38.8	35.5	37.3	35.7	36.3
Air transportation	454.6	443.6	455.2	488.5	519.0	559.5
Eating and drinking places	4,749.5	4,831.2	5,041.8	5,388.0	5,713.1	5,918.8
Hotels, motels and tourist courts	1,076.4	1,092.8	1,131.1	1,221.3	1,293.0	1,331.8
Amusement and recreation services	783.6	799.2	817.7	803.6	838.5	913.1
Travel Industry	7,102.2	7,205.6	7,481.3	7,938.7	8,399.3	8,759.5
Total U.S.	91,156	89,566	90,200	94,496	97,614	100,542

Source: U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS UNITED STATES 1909-78, and June, 1986; EMPLOYMENT AND EARNINGS, November, 1986

Table 4B: Payroll Employment for Selected Travel Industry Sectors, 1984-86, Monthly
(thousands)

Sector - 1986	Jan.	Feb.	March	April	May	June	July	August	Sept.
Intercity highway passenger transportation	35.7	35.7	35.4	35.1	36.6	38.2	37.4	37.4	37.3
Air transportation	538.7	536.2	535.7	540.8	548.3	560.5	569.5	573.9	576.4
Eating and drinking places	5,550.8	5,584.3	5,692.1	5,859.4	6,006.5	6,118.8	6,096.9	6,106.7	6,114.4
Hotels, motels and tourist courts	1,234.2	1,248.8	1,273.6	1,330.0	1,377.2	1,388.0	1,411.9	1,415.5	1,381.0
Amusement and recreation services	730.3	742.7	771.0	864.4	953.6	1,062.0	1,099.4	1,105.8	998.4
Travel Industry	8,089.7	8,147.7	8,307.8	8,629.7	8,922.2	9,167.5	9,215.1	9,239.3	9,107.5
Total U.S.	99,296	99,429	99,484	99,783	99,918	99,843	100,105	100,283	100,560

Sector - 1986	Oct.	Nov.	Dec.p
Intercity highway passenger transportation	36.0	35.2	35.1
Air transportation	567.7	579.0	585.3
Eating and drinking places	5,984.0	5,958.1	5,994.8
Hotels, motels and tourist courts	1,324.0	1,305.3	1,298.2
Amusement and recreation services	896.9	862.8	866.3
Travel Industry	8,808.6	8,740.4	8,779.7
Total U.S.	100,826	101,068	101,293

p = preliminary

Source: U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-78; EMPLOYMENT AND EARNINGS, December, 1986.

Table 4B: Payroll Employment for Selected Travel Industry Sectors, 1984-86, Monthly (Continued)
(thousands)

Sector - 1985	Jan.	Feb.	March	April	May	June	July	August	Sept.
Intercity highway passenger transportation	35.8	34.8	34.3	34.7	36.3	37.5	36.4	36.6	37.1
Air transportation	504.5	506.3	490.5	512.9	517.3	520.5	524.8	527.8	528.1
Eating and drinking places	5,319.6	5,357.0	5,483.2	5,678.0	5,813.9	5,923.2	5,893.3	5,927.4	5,922.7
Hotels, motels and tourist courts	1,201.6	1,213.0	1,238.0	1,273.6	1,306.1	1,341.7	1,376.9	1,385.3	1,345.3
Amusement and recreation services	720.1	728.8	757.5	818.9	869.9	939.5	966.0	969.6	920.5
Travel Industry	7,781.6	7,839.9	8,003.5	8,318.1	8,543.5	8,762.4	8,797.4	8,846.7	8,753.7
Total U.S.	95,029	95,242	96,042	96,888	97,338	97,442	97,672	97,890	98,128

Sector - 1985	Oct.	Nov.	Dec.
Intercity highway passenger transportation	34.9	34.6	35.1
Air transportation	528.3	529.9	536.9
Eating and drinking places	5,779.8	5,734.0	5,749.6
Hotels, motels and tourist courts	1,300.9	1,273.0	1,260.9
Amusement and recreation services	820.7	778.4	771.9
Travel Industry	8,464.6	8,349.9	8,354.4
Total U.S.	98,428	98,666	98,910

Source: U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-78; EMPLOYMENT AND EARNINGS, December, 1986.

Table 4B: Payroll Employment for Selected Travel Industry Sectors, 1981-1984, Monthly (Continued)
(thousands)

Sector - 1984	Jan.	Feb.	March	April	May	June	July	August	Sept.
Intercity highway passenger transportation	38.7	36.0	35.6	36.1	37.0	38.9	38.4	38.1	39.1
Air transportation	466.5	469.7	473.0	479.6	483.6	491.9	498.5	500.0	500.2
Eating and drinking places	4,987.7	5,015.6	5,119.6	5,308.1	5,423.7	5,544.0	5,554.9	5,593.8	5,608.2
Hotels, motels and tourist courts	1,108.5	1,126.3	1,161.2	1,192.3	1,228.2	1,278.9	1,299.1	1,304.4	1,283.5
Amusement and recreation services	712.9	721.3	750.0	793.9	834.9	897.4	917.6	918.5	861.1
Travel Industry	7,314.3	7,368.9	7,539.4	7,810.0	8,007.4	8,251.1	8,308.5	8,354.8	8,292.1
Total U.S.	91,298	91,867	92,587	93,548	94,430	95,250	94,554	94,842	95,769

Sector - 1984	Oct.	Nov.	Dec.
Intercity highway passenger transportation	37.2	36.2	36.0
Air transportation	498.9	498.2	502.3
Eating and drinking places	5,496.4	5,485.4	5,518.0
Hotels, motels and tourist courts	1,243.9	1,219.2	1,209.9
Amusement and recreation services	768.9	734.4	732.8
Travel Industry	8,045.3	7,973.4	7,999.0
Total U.S.	96,328	96,707	97,767

Source: U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-78; EMPLOYMENT AND EARNINGS, December, 1986.

Table 5A: U.S. Travel/tourism Transportation Consumption of Petroleum, 1984-85
(millions of barrels)

Sector	1985	1984	1985 percent Distribution	1985/84 percent change
Travel/tourism				
Certificated air (1)	297.9	283.6	5.2%	5.0%
General aviation (2)	26.5	28.6	0.5	-7.3
Intercity bus (3)	5.6	5.5	0.1	1.8
Amtrak (3)	2.1	2.0	*	5.0
Auto/truck/RV/motorcycle (4)	261.6	255.9	4.6	2.2
Total	593.7	575.6	10.3%	3.1%
Local personal passenger vehicle transportation (4)	1,470.6	1,438.9	25.6%	2.2%
Other transportation (4)	1,542.8	1,543.5	26.9	0.0
Total transportation (5)	3,607.1	3,558.0	62.8	1.4
Industrial (5)	1,466.7	1,501.0	25.6	-2.3
Residential and commercial (5)	492.0	490.8	8.6	0.2
Electric utilities (5)	174.5	205.7	3.0	-15.2
TOTAL PETROLEUM CONSUMPTION (5)	5,740.3	5,755.5	100.0%	-0.3%

Note: details may not add to totals due to rounding.
*estimated at less than 0.05 percent
Source: U.S. Travel Data Center

(1)Civil Aeronautics Board. (2)Federal Aviation Administration; estimated. (3) Transportation Policy Associates; 1985 figures are estimated. (4)Estimated by the U.S. Travel Data Center based upon the 1983-84 Nationwide Personal Transportation Study and Federal Highway Administration data. (5) U.S. Department of Energy, MONTHLY ENERGY REVIEW, November, 1986.

Table 5B: U.S. Domestic Consumption of Energy, 1984-85

(quadrillion Btu)

	1985	1984	Percent change	Percent of total
Travel/tourism transportation	3,217	3,121	3.1%	4.4%
Local personal passenger vehicle transportation	8,341	7,803	6.9%	11.3%
Motor gasoline	13,097	12,832	2.1%	17.7%
Transportation	20,111	19,878	1.2%	27.2%
Total domestic energy consumption	73,906	74,064	-0.2%	100.0%

Note: "Btu" stands for British Thermal Unit, a standard measure of energy content of various types of fuel.

Source: U.S. Travel Data Center, based on data from Table 5A and U.S. Department of Energy, MONTHLY ENERGY REVIEW, November, 1986.

Table 6A: U.S. International Travel Receipts, Payments, and Balance, 1972-1986

($ millions)

	1972	1973	1974	1975	1976	1977	1978	1979	1980
Receipts from foreign visitors in the U.S.	$2,817	$3,412	$4,032	$4,697	$5,742	$6,150	$7,186	$8,441	$10,588
Payments of U.S. travelers in foreign countries	5,042	5,526	5,980	6,417	6,856	7,451	8,475	9,413	10,397
Balance on travel receipts less payments	($2,225)	($2,114)	($1,948)	($1,720)	($1,114)	($1,301)	($1,289)	($972)	$191

	1981	1982	1983	1984	1985	1986p
Receipts from foreign visitors in the U.S.	$12,913	$12,393	$11,408	$11,353	$11,663	$12,697
Payments of U.S. travelers in foreign countries	11,479	12,394	13,556	15,449	16,502	17,705
Balance on travel receipts less payments	$1,434	($1)	($2,148)	($4,096)	($4,839)	($5,008)

Note: ( ) represents deficit.
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Table 6B: U.S. International Passenger Fare Receipts, Payments, and Balance, 1972-1986

($ millions)

	1972	1973	1974	1975	1976	1977	1978	1979	1980
U.S. passenger fare receipts from foreign travelers	$494	$718	$813	$767	$937	$1,025	$1,238	$1,677	$2,062
U.S. passenger fare payments to foreign carriers	1,596	1,790	2,095	2,263	2,568	2,748	2,896	3,184	3,607
Balance on passenger fare receipts less payments	($1,102)	($1,072)	($1,282)	($1,496)	($1,631)	($1,723)	($1,658)	($1,507)	($1,545)

	1981	1982	1983	1984	1985	1986p
U.S. passenger fare receipts from foreign travelers	$2,575	$2,692	$2,524	$2,538	$2,485	$2,803
U.S. passenger fare payments to foreign carriers	4,487	4,772	5,484	6,502	7,322	6,488
Balance on passenger fare receipts less payments	($1,912)	($2,080)	($2,960)	($3,964)	($4,837)	($3,685)

Note: ( ) represents deficit.
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Table 6C: U.S. and World International Travel Receipts and Arrivals, 1972-1986

	1972	1973	1974	1975	1976	1977	1978	1979	1980
International travel receipts ($ billions)*									
United States	$2.82	$3.41	$4.03	$4.70	$5.74	$6.15	$7.19	$8.44	$10.6
World	$24.8	$31.3	$34.1	$41.6	$44.9	$54.4	$68.6	$82.4	$95.3
International arrivals (millions)									
United States	13.1	14.0	14.2	15.7	17.5	18.5	19.7	20.3	22.5
World	184	191	197	214	221	238	256	269	281

	1981	1982	1983	1984	1985	1986p
International travel receipts ($ billions)*						
United States	$12.9	$12.4	$11.4	$11.4	$11.7	$12.7
World	$104.3	$98.6	$98.3	$102.5	$109.6	$115.0
International arrivals (millions)						
United States	23.1	20.9	20.4	20.8	21.0	22.0
World	289	287	294	315	333	340

* excludes international passenger fare payments
p = preliminary
Source: U.S. Department of Commerce, World Tourism Organization

Table 6D: Expenditures by Selected National Government Tourism Organizations, 1985

Rank	Country	Expenditure ($millions)
1	Italy	$99.8
2	Greece	75.7
3	Poland	61.8
4	Spain	51.3
5	United Kingdom	42.5
6	Israel	35.0
7	Colombia	28.3
8	Switzerland	28.0
9	France	26.7
10	Canada	26.0
11	Brazil	21.0
12	Jamaica	20.7
13	Belgium	20.5
14	Netherlands	19.3
15	Peru	16.9
16	Kenya	15.9
17	Hungary	13.7
18	Portugal	13.0
*		
24	United States	12.0

*Expenditures by the Bahamas, Mexico, Denmark, Sweden, and Ireland were not reported but all are expected to rank higher than the U.S.

Source: Travel and Tourism Government Affairs Council

Table 6E: Top Ten Countries in International Visitor Receipts, 1985 ($millions)

Country	Visitor receipts	Resident expenditures	International travel payments balance
United States	$11,663	$16,502	($4,839)
Italy	8,758	2,283	6,475
Spain	8,150	1,010	7,140
France	7,942	4,557	3,385
United Kingdom	7,877	7,047	830
Austria	6,041	3,333	2,708
West Germany	5,899	14,607	(8,708)
Switzerland	3,145	2,399	746
Canada	3,056	4,125	(1,069)
Mexico	2,900	2,262	638

Source: World Tourism Organization

Table 7B: Travel Expenditures by U.S. Residents and Employment Generated, by Census Region Visited, 1984

Census Regions	Travel expenditures ($millions)	Travel-generated employment (thousands)
NEW ENGLAND Connecticut, Maine, Massachusetts New Hampshire, Rhode Island, Vermont	$12,269.9	240.4
MIDDLE ATLANTIC New Jersey, New York, Pennsylvania	35,421.2	644.8
SOUTH ATLANTIC Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina Virginia, West Virginia	41,936.4	887.9
EAST SOUTH CENTRAL Alabama, Kentucky, Mississippi, Tennessee	8,422.0	185
EAST NORTH CENTRAL Illinois, Indiana, Michigan, Ohio, Wisconsin	27,066.4	564.9
WEST NORTH CENTRAL Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota	15,548.3	345.7
WEST SOUTH CENTRAL Arkansas, Louisiana, Oklahoma, Texas	23,314.5	444.8
MOUNTAIN Arizona, Colorado, Idaho, Montana, Nevada, Mew Mexico, Utah, Wyoming	20,836.4	468.2
PACIFIC Alaska, California, Hawaii, Oregon, Washington	38,140.2	711.1
U.S. TOTAL	$222,955.4	4,493.0

Note: Details may not add to totals due to rounding.
Source: U.S. Travel Data Center

APPENDIX B: U.S. TRAVEL INDUSTRY TERMINOLOGY

FOR STATISTICAL REPORTING

Adopted by the Board of Trustees
of the U.S. Travel Data Center
on December 13, 1985.

1. "Travel Industry" - an inter-related amalgamation of those businesses and agencies which totally or in part provide the means of transport, goods, services, accommodations and other facilities for travel out of the home community for any purpose not related to local day-to-day activity.

2. "Travel" - The actions and activities of international and domestic travelers (as defined below) taking trips to places outside of their home communities for any purpose except commuting to and from work or attending school.

3. "Tourism" - synonymous with "travel."

4. "International Traveler" - any person visiting a country other than that in which he (she) has his (her) usual place of residence for at least 24 hours but not more than one year, and whose main purpose of visit is other than following an occupation remunerated from within the country visited, and the purpose of whose trip can be classified under one or more of the following categories:

pleasure	business
recreation	commerce
holiday	meeting
sport	conference
religion	convention
shopping	trade show
vacation	health
visiting friends or relatives	study

5. "International Excursionist" - travelers, as defined in 4 above, staying less than 24 hours in the country visited (including cruise passengers).

6. "International Tourist" - synonymous with "international traveler."

7. "Domestic Traveler" - any resident of the United States regardless of nationality who travels to a place 100 miles or more away from home within the U.S. or who stays away from home one or more nights in paid accommodations, and who returns home within twelve months, except commuting to and from work or attending school. This includes trips that can be classified under one or more of the following purpose categories:

pleasure	business
recreation	commerce
holiday	meeting
sport	conference
religion	convention
shopping	trade show
vacation	health
visiting friends or relatives	study

8. "Domestic Excursionist" - any person who travels more than 25 miles away from home one way but less than 100 miles and returns home the same day for any purpose except commuting to and from work or attending school, including trips that can be classified under the categories defined in 7 above.

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